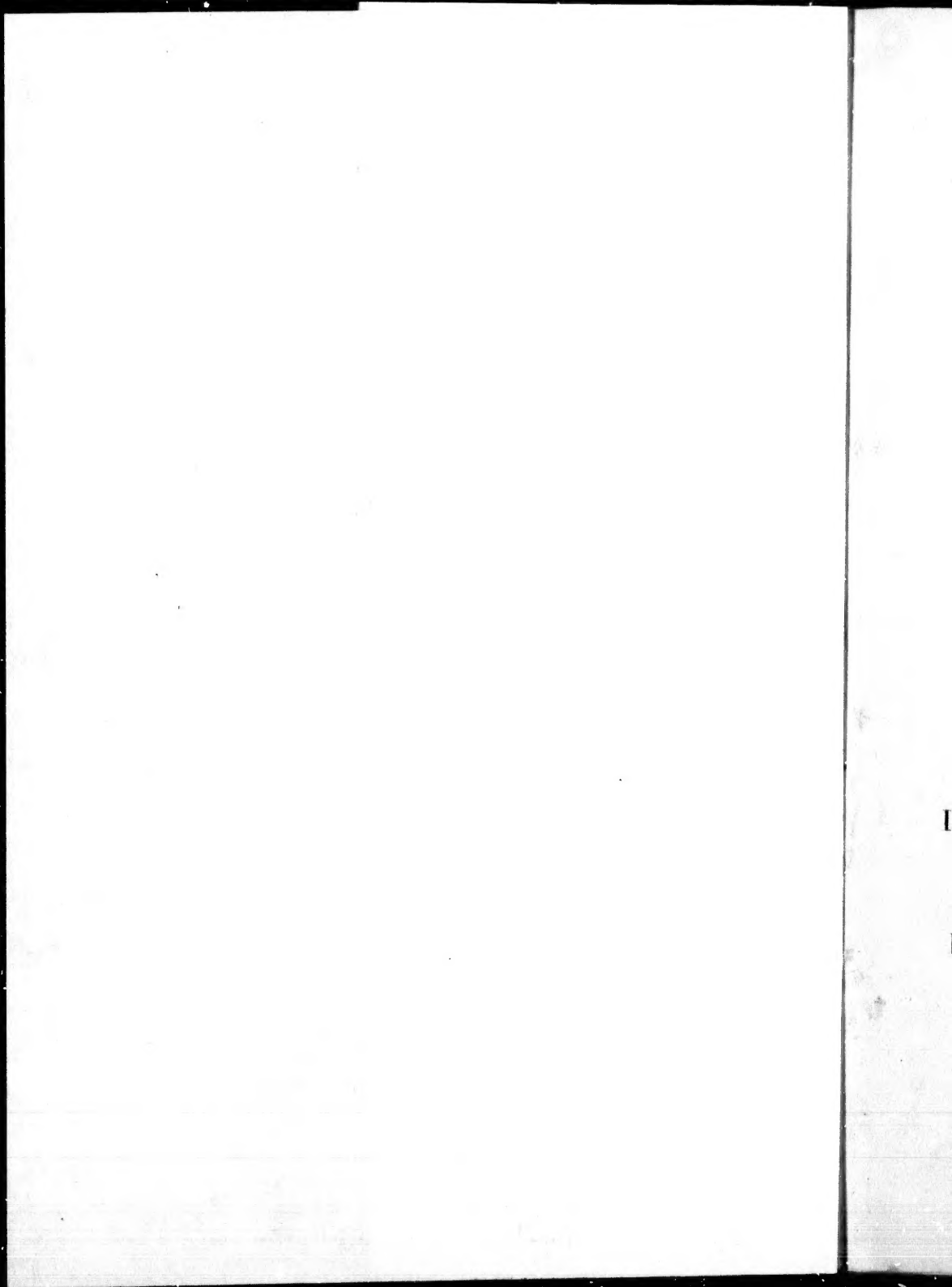




NORTH SHORE RAILWAY.

Differences between the CHIEF ENGINEER, and the PRESIDENT of the Company.

CONTAINING

- I. LETTERS from the Chief Engineer to the Secretary and Board of Directors, respecting the commencement of Legal Proceedings against the President. Dated April 14th, 15th and 20th, 1875.
- II. COMMUNICATION from the Chief Engineer to the Board of Directors, requesting to be relieved, &c. Dated April 7, 1875.
- III. RESOLUTIONS adopted by the Board of Directors, acceding to the request of the Chief Engineer. Dated April 8, 1875. LIB. 91
- IV. REPLY of the Chief Engineer to the Board of Directors, in answer to the Charges and Allegations made by the President; with five Appendices. Dated April 30th, 1875.
- V. REMARKS of the Engineer in Chief upon the Charges made by the President; with an Appendix. Dated Dec. 1, 1874.

1-4002

NORTH SHORE RAILWAY.

THE CHIEF ENGINEER AGAINST THE PRESIDENT.

Letter to the Secretary giving notice of Proceedings.

OFFICE OF THE ENGINEER IN CHIEF.

Quebec, April 14th 1875.

MR. SECRETARY,

I consider it to be my duty to inform the Board of Directors, that I am about to commence legal proceedings against Col. Wm. Rhodes, the President of the Company, for defamation of character, growing out of charges and insinuations which have been put in circulation by him, to the effect that I had a pecuniary interest in the contract with the Chicago Contracting Company for the construction and equipment of the road ; and also that I have attempted to force the present Contractor to provide for and recognize that interest.

I have given the most *unqualified* denial to these charges, on all proper occasions: and have, upon one occasion called the attention of the President to the matter in the presence of the Board, upon which occasion he stated distinctly that he had never regarded it as of sufficient

importance to bring it before the Board ; notwithstanding all which, the President has persistently continued to re-iterate these charges, in a still more aggravated form. The only alternative remaining to me therefore, is to afford him the earliest opportunity to make his charges good, in a Court of Justice.

I have been induced to take this course for the reason, that it would probably be much more acceptable to the Board, as it certainly is to myself, than it would be to have a long and weary investigation *within the Board*, respecting matters which are entirely foreign from the immediate and more direct interests of the Railway Company.

I have the honor to remain,

Mr. Secretary,

Your Obedient Servant,

S. SEYMOUR,

Chief Engineer.

A. H. VERRET,
Secretary N. S. Ry. Co.
Quebec.

Further letter to the Secretary.

OFFICE OF THE ENGINEER IN CHIEF.

Quebec, April 15th, 1875.

MR. SECRETARY,

Referring to my letter of yesterday, in which I informed you that "I was about to commence legal proceedings against the President of the Company for defamation of character," &c., it has occurred to me that, under all the circumstances connected with the case, it might be

considered due to the Board of Directors, that I should state with more particularity than was stated in that letter, the reasons which have induced me to take this course at the present time.

It will be remembered that in the Fall of 1874, the President placed in the hands of the Board, a voluminous correspondence, in which I was charged with neglect of duty, to such an extent, that the President had lost his confidence both in myself, and in the organization of my staff.

The Contractor had also filed a voluminous correspondence with the Board, in which I was charged with embarrassing him in the execution of the work. And intimating very distinctly, that he should abandon the contract unless an entire change was effected in the Engineer Department.

The Government had also appointed an Inspecting Engineer, who had reported that the work already done, did not come up to the requirements of a first-class road.

The charges of the President had been referred to the Executive Committee; and I had placed in the hands of the Chairman of that Committee, my defence.

The charges of the Contractor had been fully answered; which answers were read before the Board, and placed on file in your office.

I had also prepared answers to all the objections made by the Government Engineer, respecting the character of the work, &c., which were read before the Board.

It had come to my knowledge that the President had spoken very freely and publicly about his want of confidence in my administration of the office of Chief Engi-

neer ; and that he had called the particular attention of the Government Engineer to the defective work upon the line. Also that he had given extensive currency to a conversation which he had had with one of the members of the Chicago Contracting Company, to the effect that I had a pecuniary interest in the original contract ; and that the present Contractor had only to recognize that interest, in order to settle all of his difficulties with me.

I had called particular attention to these facts, in my defense against the President's charges ; and had made an unqualified denial of having any pecuniary interest in the Contract : " And begged that the authority upon which the belief is based might be placed before the Board of Directors at once, with a view to a most rigid and thorough investigation." In relation to all which, reference is respectfully made to my letter to you of the 10th inst., transmitting my defense and the correspondence relating thereto.

The Government having refused, on account of the representations made by its Engineer, to advance any more money of the Company ; and the internal complications growing out of the differences between the President and the Contractor, on the one hand, and the Chief Engineer on the other, having reached such a point as to demand a speedy and effectual solution, it was agreed by all parties that these matters should be submitted to Mr. Sandford Fleming for his counsel and advice.

This movement finally resulted in the adoption, by the Board of Directors, on March 15th, 1875, of the report of its Special Committee having the matter in charge ; which action of the Board, was fully concurred in by the Government, the President, the Contractor, and the Chief Engineer.

The President also made a public announcement on the evening of the 17th March, to the effect that all difficulties had been satisfactorily arranged ; and that he " could say with confidence that we were now *on the eve of a new departure.* " It will be remembered with what demonstrations of joy and satisfaction this announcement was received ; and I feel quite sure that this demonstration was joined in by no one more heartily than by the Chief Engineer.

It may very well be imagined, therefore, with what surprise I learned, through a friend in Chicago, that the President had for sometime been in communication, with at least two of the members of the Chicago Contracting Company with a view of obtaining some evidence of my complicity in that Contract.

I learned also from various sources here, that without having notified me of his proceedings, he had for a long time been endeavoring to influence the different members of the Board, by showing to them his letters from Chicago, for the purpose of getting them committed to his policy, either of having me suspended from office until he could prove his case ; or of having me summarily dismissed in disgrace from the service of the Company.

So long as the President confined his efforts to the members of the Board of Directors, I felt no particular anxiety respecting the result ; for I knew that I would not be condemned without a fair and impartial investigation.

But I learned subsequently, and from perfectly reliable sources, that, in his zeal to destroy my private character and professional reputation, which are my only capital in this world, and the only legacy that I can, at my

period of life, hope to leave to my family, he had been equally industrious in publishing his charges and allegations to the *outside world*, who could not be expected to form the same just and unbiassed opinion of their truthfulness or falsity as the members of the Board with whom I had been so long and so intimately associated; and to whom I feel so deeply grateful for the expressions of their past and continued confidence, which are contained in the Resolutions adopted by the Board on the 8th instant.

It has always appeared to me that the facts, which have since become so generally known, respecting the secret transfer of the contract without my knowledge; also the subsequent efforts of the original Contractors to keep me in ignorance of the transfer; and my later endorsements of the present Contractor; to say nothing of my still later and unwearied efforts, almost single handed and alone, to preserve the integrity of the original contract and specifications against the attacks of outside parties, with a view only of saving to the Company and the Contractor a large and useless expenditure in the construction of the Road, would in due time serve as a sufficient protection against, and answer to these false and malicious charges.

But it seems that the President has "cared for none of these things"; and that from the first inception of the idea of my complicity in the original contract, he has followed it, and still seems determined to follow it with the most relentless pertinacity, until he shall succeed in driving me from the road and the country in disgrace.

The conviction has therefore forced itself upon my mind, as stated in my letter to you of yesterday, that: "The only alternative remaining to me, is to afford the President the

earliest opportunity to make his charges good in a court of justice."

I have only to add, Mr. Secretary, that while I regret exceedingly the necessity which seems to impel me to take this course, during the present somewhat critical period in the Company's affairs; yet I feel the greatest confidence that, unless the parties upon whose evidence the President apparently relies to substantiate his charges, are prepared to add the crime of the *grossest perjury*, to that of the most *unwarrantable conspiracy*, in order to accomplish my ruin in this life, I shall hope for a full vindication of my character at an early day.

The President alone has the power to render this proceeding unnecessary, by a complete and unequivocal withdrawal of these charges and allegations, in such a manner as to undo, so far as may now be possible, the injury which they have already, and are still liable to cause me. In which case I should expect, as a further act of justice and good faith on his part, that he would place at my disposal such letters, or other statements as he may have received from any of the members of the late Chicago Contracting Company, or any others parties, as will aid me in obtaining that Justice from them, which it will be the main object of my life to secure.

I beg to remain,

Mr. Secretary,

Your Obt. Servant,

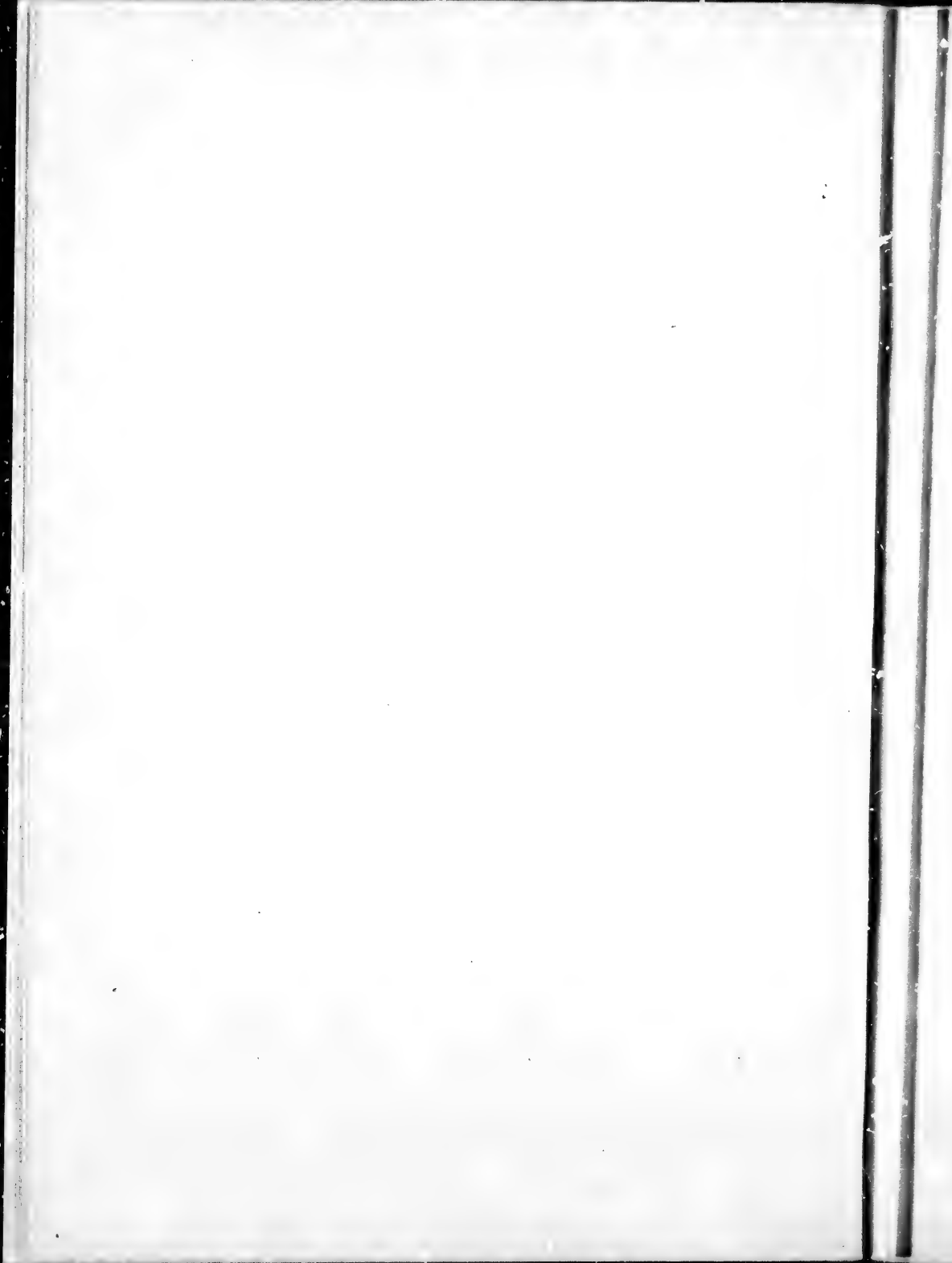
S. SEYMOUR,

Chief Engineer.

A. H. VERRET, Esq.,

Secretary, N. S. Ry. Co.,

Quebec.



THE CHIEF ENGINEER

TO THE

BOARD OF DIRECTORS.



NORTH SHORE RAILWAY.

OFFICE OF THE ENGINEER IN CHIEF.

Quebec, April 20th, 1875.

GENTLEMEN,

Understanding that the President has called a special meeting of the Board, for to-morrow, the 21st instant, for the purpose of considering the existing difficulties between the President and the Chief Engineer, I have deemed it proper to prepare and place before you the following *explanatory statement*, in addition to my letters to the Secretary of the 14th and 15th instant, which I presume are to be placed before you by the President, as the cause which has induced him to call this special meeting.

About four years ago, I was induced, primarily through the solicitations and representations of Colonel William Rhodes, who was then a Director, and is now the President of the North Shore Railway Company, to break in upon a large and lucrative practice, as General Consulting

Engineer in the City of New-York ; and to lend my name and influence, and also to devote a portion of my time, in an effort to resuscitate this Road, and place its affairs in a position where they would attract the attention of Railway men and Capitalists, to such an extent as would induce them to undertake its construction.

I therefore accepted the appointment of Consulting Engineer, in July, 1871 ; and afterwards accepted the appointment as " Acting Chief Engineer, " until the Company should be in a condition to appoint a permanent Chief Engineer.

With the exception of a small portion of the first year of my engagement, my entire time has since been devoted to the interests of this Company ; and I have only to refer to the successive stages in the slow but steady progress of its developement, up to the present time, and to my direct agency in connection with the enterprise, as evidencing my faithfulness to the trusts that were confided to me by the Company.

On the 7th instant, I requested the Board of Directors to relieve me from the further performance of the duties of " *Acting Chief Engineer,*" from and after the close of the present month, which request was granted by Resolution adopted on the 8th instant. A copy of my letter, together with the Resolution of the Board in response, are appended hereto for convenient reference.

During the period of time above referred to, there have been many changes in the constitution of the Board of Directors ; only about one-third of the present Board of eighteen members, having been in the Board at the time of my first connection with the road, among whom is

Colonel Rhodes, who was elected President of the Company in the summer of 1873.

Everything has worked harmoniously between the President and myself, until near the close of the working season of 1874, when he conceived the idea that it was his duty, as Chairman of the Board, to examine and criticise the details of the work upon the line, in order, as he alleged, to enable him conscientiously to affix his signature to the Bonds of the Company.

His mind had also, become impregnated, about the same time, with the idea that I had, during all this time, and without his knowledge and consent, been serving the Company in the *dual* capacity of Engineer and Contractor ; which to his mind, was entirely, and very justly inconsistent with the idea that my apparent devotion to the Company's interests was sincere and disinterested.

This idea seems to have become his guiding star, and the medium through which all my past and subsequent acts in connection with the administration of the Engineer Department, have presented themselves to his mind ; and I have therefore felt called upon to refer to them here, as affording an intelligent key to the charges and allegations which he has felt called upon to make during the past few months, and which, if not retracted, it is my present purpose to afford him the fullest opportunity to substantiate in a Court of Justice.

It has been a matter of very serious consideration with me, as to how far it was my duty, in view of my present relations to the Railway Company, to consent to become a *living sacrifice*, and to entail a perpetual disgrace upon my family, for the purpose of gratifying this peculiar and

entirely unfounded theory of the President ; and the conclusion has finally forced itself upon my mind, that there is but one course which my honor and self respect will allow me to pursue.

If, in pursuing this course, I shall fail to establish the fact, that the President has made these charges ; or that, if made, they have resulted in serious injury to my private character and professional reputation, which to me are dearer than life, the President will remain uninjured ; and my character will be fully vindicated.

If I shall establish the fact that these charges have been made to my injury, and the President shall fail to prove their truth, my character will still remain unimpaired.

If, on the other hand, the President shall prove, to the satisfaction of the Court and the Public, that his charges and allegations are founded in truth, the President will still remain uninjured, and, at the same time, he will enjoy the pleasing consciousness of having exposed a *gross Impostor* ; while, as stated in my recent "*Report upon the Situation*" ; "it will clearly be my duty to place my resignation in the hands of the Company, and to leave the country in disgrace."

Even the last of the above contingencies will be far more acceptable to myself, than the alternative of remaining longer in the *questionable position* in which the President has placed me, and which he seems determined to compel me to occupy.

At the same time I fail entirely to see why the course which I propose to pursue, can possibly result in any injustice, or unmerited injury to the President.

There is no profession, the successful prosecution of

which depends so *justly* and *entirely* upon an established reputation for *honesty* and fair dealing, as that of a Civil Engineer.

When I cast my lot with the good people of Canada, and the citizens of Quebec, I brought with me a character and reputation entirely untarnished in that respect; and I cannot passively consent to have it wrenched from me, at least without an earnest and decided effort to be saved from such an unmerited disgrace

The less important question, as to when, or how soon this effort shall be made, is still under advisement; and in deciding upon it, I shall do so with a due regard to the interests of the Company; and to my own official relations to the road; unless the President, in the mean time, shall take such a course as to render any further proceedings on my part unnecessary.

I should also state, in this connection, that in any further proceedings I may feel called upon to take in this matter, it will be quite important to consider another most vital question, as connected with this entire case, to wit: Whether, in the course which the President of the Company has taken, he has acted in his *official capacity*; and with the knowledge and approval of the Board of Directors; thus entitling himself to its protection. Or whether he has acted only in his *private capacity*; and without the knowledge and approval of the Board, thus forfeiting all right to its protection; and rendering himself personally amenable only to the laws of his Country.

If he has been acting in his official capacity; and with the sole view of purifying the atmosphere which surrounds the Enterprise, thus placing the responsibility of his acts

upon the Board of Directors, it would appear to be eminently proper that he should lay before the Board a detailed report of his proceedings ; and all the correspondence connected therewith ; in which case, before final action is taken by the Board, I should expect, as an act of justice and fair dealing, to be furnished with copies thereof, in order that I may prepare an intelligent defence ; and thus be placed, at least upon an equal footing with him, in a matter concerning which I am so directly and vitally interested.

It is also proper that I should state, that it has been represented to me that my recent request to be relieved from the further performance of the duties of Chief Engineer ; and the subsequent adoption of the Resolutions relating thereto, by the Board of Directors, were regarded at the time as a *compromise* between the President and myself, of the differences growing out of his public defamation of my character.

I solemnly disclaim any such knowledge or intention on my own part ; or of having authorized any one to make such an arrangement in my behalf. I should regard a compromise of this nature, unless it involved a complete retraction on the part of the President, as a virtual confession of my guilt ; and therefore as being far more damaging to my professional character and reputation, than any of the charges and insinuations that the President has promulgated against me ; and I cannot believe that the Board would willingly place me in such a false position.

On the contrary, I have ventured to believe that I would have, at least, the moral support of the Board, in any

legitimate effort that I might make to cleanse my character from the foul stain which the President has cast upon it before the public ; and thus to render myself still more worthy of the confidence of the Board, which it has always been my pride and privilege to enjoy.

I have the honor to remain,

Gentlemen,

Your obedient servant,

SILAS SEYMOUR,

Consulting, and acting Chief Engineer.

TO THE HONORABLE

THE BOARD OF DIRECTORS

OF THE NORTH SHORE RAILWAY CO.

NORTH SHORE RAILWAY.



COMMUNICATION FROM THE CHIEF ENGINEER, TO THE
BOARD OF DIRECTORS, REQUESTING TO BE
RELIEVED, &c., &c.

— -

OFFICE OF THE ENGINEER IN CHIEF,
Quebec, April 7th, 1875.

GENTLEMEN,

Referring to my "appointment as Consulting Engineer of the North Shore Railway," which was tendered to me by the President of the Company and a Committee of the Board of Directors, in New-York, on July 13, 1871, and duly confirmed by the Board on the 22nd of the same month, as per letter from the President, under date of July 24, 1871; referring also to another letter from the President, of the same date, in which it was stated that: "Inasmuch as the Company are not yet in a position to appoint a permanent Chief Engineer, you are requested to assume, for the present, the duties of Acting Chief Engineer, in addition to your duties of Consulting Engineer," etc., I have the honor respectfully to request, that I may be relieved from the further performance of the duties of Acting Chief Engineer, from and after the close of the present month.

I have long felt a strong desire to be relieved from the

performance of these duties ; but the complications of the Company with various parties, some of which have seemed to involve my own professional character and reputation, have appeared to render it imperative upon me to remain at my post, until these complications were harmonized.

This having now been accomplished, apparently to the satisfaction of all parties, I am induced to make the above request at the present time, for the reason that we are now on the verge of another working season, during which it is confidently hoped and expected that the work will be prosecuted with vigor ; and therefore, as stated in my letter to the Secretary of the 29th ultimo, "it will very soon be necessary to make an entire reorganization of the Engineering Staff, both as to numbers and rates of compensation," all of which will necessarily involve a very large increase in the duties and responsibilities to be met and performed by the executive head of the Engineer Departement.

It was very well understood, at the time of my accepting the appointment of Consulting Engineer, that I would be required to devote only a portion of my time to the affairs of this Company ; and also that my duties would be more of an advisory than of an executive nature ; otherwise I could not, consistently with my own interests, and other engagements, have consented to accept the position.

But either the good or ill-will of events, have seemed to irresistibly lead, or force me, from one step to another, until, since the date of the contract, three years ago, I have found myself devoting my entire time, and the best energies of my body and mind to the interests of the Company ; and consequently, I find that my former business relations

in New-York, and elsewhere, have become almost entirely severed.

In looking back, however, over the period of time during which I have had the honor of being connected with the road, it is a most pleasing reflection, that it has slowly emerged from the almost *Chrysalis* state, in which it existed at the time of my first appointment, until it has now reached, and will continue to hold its proper rank and position among the most important *first-class Railway Enterprises*, in this or any other country.

And it will always be a source of great pride and satisfaction to feel, that I have, at least to some extent, been the humble agent in bringing about this result.

It is also a source of very great satisfaction to me, that during my long connection with the road as Consulting and Acting Chief Engineer, I have been fully sustained and endorsed by the Board of Directors; in every important matter that has come up for its final consideration and decision.

In continuing to hold the responsible position of the Company's Consulting Engineer, I shall still hope to retain the full confidence of the Board of Directors; and also to be able to render the Company many important services, before the great Work which it has in hand, shall have been fully accomplished.

If the Board shall meet with any unlooked for delay in selecting a competent and trustworthy permanent Chief Engineer, I would respectfully recommend that my present Chief Assistant, Col. George W. Butterfield, be appointed as Acting Chief Engineer, from and after the 1st of May next, until such time as the Board may be able

to make a permanent appointment. Col. Butterfield has now been engaged upon the road a year, and is entirely familiar with the details of the work. He has also, under my general direction, prepared all the working plans and specifications for the different structures. He has had a very large professional experience, both in Canada and in the United States. I have always found him thoroughly honest, capable and industrious ; and have therefore no hesitation in endorsing him as being fully competent to fill the position, at least during any interim that may occur.

After thanking the Board, and every one of its Members, including the Secretary, for the uniform kindness and consideration which have been extended to me on all occasions :

I have the honor to remain,

Gentlemen,

Your obedient servant,

SILAS SEYMOUR,

Consulting, and Acting Chief Engineer.

TO THE HONORABLE

THE BOARD OF DIRECTORS

OF THE NORTH SHORE RAILWAY COMPANY.

RESOLUTIONS ADOPTED BY THE BOARD.

OFFICE OF THE NORTH SHORE RAILWAY Co.

Quebec, 9th April, 1875.

At a meeting of the Board of Directors of the North-Shore Railway Co., held yesterday, the 8th instant, the following Resolution was adopted :

Resolved.—That, whereas a communication has just been received from Gen. Silas Seymour, Consulting, and Acting Chief Engineer of this Company, in which he requests to be relieved from the further performance of the duties of Acting Chief Engineer, from and after the close of the present month ; and whereas :

The reasons for making this request at the present time, as stated in said communication, seem to be both reasonable and proper, in view of his long and faithful devotion to the interests of the Company, in a capacity which was not contemplated at the time when he first became connected with the road, be it therefore :

Resolved.—That this Board will accede to the request of the Acting Chief Engineer, by relieving him from the further performance of the arduous duties pertaining to that office, on and after the close of the present month.

Resolved.—Further, That in continuing his connection with this Company as its Consulting Engineer, this Board has confidence that General Seymour will remain faithful to the interests of the Road, by devoting the best energies of his mind, and the results of his large and varied professional experience, to the successful accomplishment of a great and most important Public Enterprise, with which he has so long been connected.

Certified,

A. H. VERRET,

Secretary.

NORTH SHORE RAILWAY.



REPLY OF THE CHIEF ENGINEER

TO THE

BOARD OF DIRECTORS.



IN ANSWER TO THE CHARGES AND ALLEGATIONS
MADE BY THE PRESIDENT OF THE COMPANY.



WITH FIVE APPENDICES.



NORTH SHORE RAILWAY.

THE CHIEF ENGINEER AGAINST THE PRESIDENT; AND VICE VERSA.

The Chief Engineer charges the President with having publicly circulated reports, to the effect, that he, the Chief Engineer, was in collusion with the members of the Chicago Contracting Company, in the original contract for the construction and equipment of the North Shore Railway; and with having an understanding and agreement with that Company, or some of its members, by which he, the Chief Engineer, had, or was to have an interest of five per-cent in the net proceeds of that contract. Also that he, the Chief Engineer, has used his position upon the road to force the present Contractor, and assignee of the original contract, to either recognize that interest, or pay to him the sum of Fifty thousand dollars.

The Chief Engineer unequivocally denies these charges and allegations; and has given notice to the President and Board of Directors, by letter addressed to the Secretary, on the 14th April, 1875, that he shall commence legal proceedings against the President, for defamation of character, &c.

Upon receiving the above notice, the President ordered that a special meeting of the Board be called : "on Wednesday next, the 21st inst., at 10 o'clock A. M., to take into consideration the difficulties between the President and the Chief Engineer of the Company."

No notice was given to the Chief Engineer of the calling of this meeting.

The Board met at the time appointed; and, after hearing only the President's side of the question, adopted the following Resolution :

" Resolved.—That inasmuch as the President of this Company has made certain charges against the Chief Engineer thereof, and addressed certain letters in support, which seem to this Board to require investigation, that the whole matter in dispute be by this Board referred to a Committee of five, to examine into all such charges of the President, with instructions to examine into all documents and witnesses as they may consider necessary, said Committee also to enquire into all statements made by the Chief Engineer respecting the President, which the latter requests should be inquired into, and report to the Board on these points as soon as possible; said Committee to consist of the Mayor of Quebec, Honorable's Robertson and Garneau, and Messrs Thomson and J. G. Ross."

The special Committee met on the evening of the same day, and after appointing a Chairman, allowed the President to make a verbal statement of his charges, and reference to such proofs as he relied upon to sustain them. After which the Committee adjourned until Monday, the 26th April, with the understanding that the President would then present his entire case in writing.

Having, after considerable delay, been favored by the Committee, with the papers in the case, the Chief Engineer, in endeavoring to defend himself against the charges and allegations of the President, desires first to thank the Board of Directors for having so promptly referred the matter to a special Committee for investigation; and also to thank the Committee for having placed in his hands the written statement of the President containing these charges; together with the documents upon which he relies to establish their truth; and thus affording him the first opportunity which he has ever had, to openly refute them, at least, so far as it can now be done before an *extra-judicial Tribunal*.

REVIEW OF THE PRESIDENT'S STATEMENT.

From the written statement of the President, it appears that he re-iterates his charges of complicity in the contract, to the fullest extent; and that he relies upon letters and statements, received from the different members of the late Chicago Contracting Company, and their former Cashier, who is also the Cashier of the present Contractor; and also upon the corroborative evidence furnished in connection with the original negotiation of the contract; and its subsequent administration by the Chief Engineer; and his relations and intercourse, both in respect of the original Contractors, and the present Contractor, as affording evidence sufficient to substantiate his charges to the satisfaction of the Special Committee, and the Board of Directors.

Referring to the President's statement concerning "the great intimacy and apparent friendship, which existed between myself and the Chicago Contracting Firm;" I will remark, that this intimacy and friendship commenced with Messrs. Smith and Dunlap, many years before the date of the contract; and I will freely admit that they continued in a manner every way consistent with our subsequent relations under the contract, until the secret sale and transfer of this contract, on January 12, 1874.

As to the effect of this former friendship upon the Company's interests, during the negotiation of the contract, it is proper to remark, that Col. Rhodes was a prominent and active member of the Committee of Directors, which had this matter in charge; and that while the balance of the Committee and myself, were using our utmost endeavors to keep the contract price within the present sum of seven million dollars, Col. Rhodes persisted in advocating a much larger sum; until finding that neither a majority of the Committee nor myself, would yield the point, he wrote an indignant letter to the President of the Company, and threatened to leave New York the next morning, unless the Committee yielded to his views.

With reference to the effect of this intimacy and friendship upon the Company's interests, while the contract remained in the hands of the Chicago Contracting Company; I beg leave to refer to the well known facts, that it had been almost solely through my representations that they had undertaken the contract; and therefore I felt, in honor and good faith, bound to afford them all the assistance in my power, consistent with my position as Chief Engineer of the Company, to enable them to carry it out successfully, particularly so long as they kept faith with the Company by complying with the conditions of the contract; and also with the negotiating Committee and myself, with reference to the amount of their own means which they would invest in the Enterprise. Upon their hesitating to do this; and believing that the interests of the Railway Company required it, I even went to Europe at their request, and without any extra compensation, in order to aid them in their premature efforts to place the Bonds. I

then returned here, and procured from the Railway Company a large concession of stock, in order to place it with the Bonds ; and thus, as was supposed at the time, place their financial arrangements beyond the reach of any possible contingency.

All this was done openly, and with the knowledge and approval of the Railway Company.

The efforts to place the Bonds having failed ; and finding that the parties still seemed inclined to await the course of future events before proceeding with the work, I addressed a letter to the Chicago Contracting Company, on the 29th July, 1873, which will be found appended hereto ; and to which I beg leave to refer as showing the views which I then entertained respecting their obligations to keep faith with all parties, by proceeding promptly with the work.

This appeal however had no effect, except to obtain from them an assurance that they would immediately assess themselves to the extent of a half million dollars, and go on with the work ; but the season wore away, and nothing was done.

In December 1873, Smith and Dunlap, came to Quebec ; and assured me that their financial arrangements, were so far completed as to secure their success, provided the " Quebec Railway Aid Act," which was then in contemplation by the Government, became a law.

Their frequent and somewhat mysterious conferences with the Attorney General, seemed to confirm this impression ; and my confidence in their good faith, and in the final success of the enterprise, had never been greater than it was up to the evening of the 14th January 1874, when I

was told, under an injunction of secrecy, that the contract had actually been sold and transferred to the Hon. Thomas McGreevy, on the 12th January, for a consideration of \$225,000; and that Smith and Dunlap had come to Quebec for that especial purpose.

This most extraordinary and unjustifiable duplicity finally culminated in Dunlap's letter to me from Montreal, dated the 16th January, a copy of which is appended hereto; and the fact of my "not even acknowledging or replying to" it promptly, and in a business way, is now referred to by the President, as an additional evidence of my guilt.

The Chief Engineer therefore respectfully submits, that, in view of all the circumstances preceding, attending, and following this transfer of the contract, some of which will be more fully referred to hereafter, he was fully justified in withdrawing his friendship and confidence from these Parties; and in openly denouncing them to the President and Board of Directors, and to the whole world, as men who had forfeited all claims to the confidence of the Railway Company, the public, and himself.

The first public expression of his feelings respecting the transfer of the Contract, was embodied by the Chief Engineer, in his "Report upon the Quebec Railway Aid Act of 1874." under date of Feb. 5, 1874; an extract from which is appended hereto, to which particular reference is invited, in connection with this case, as expressive of the views which he then entertained respecting both the original and present Contractors.

With reference to the remark made by the President that, while in England "he took no part in any business

of the Railway ; " I beg to append hereto, copies of some letters and extracts, which I received from him during his absence, as showing his unabated interest in matters which were going on here, as well as in the final success of the Enterprise.

With reference to the allusion made by the President to the "*course of conduct*" pursued by the Chief Engineer "towards Mr. Prince, one of the American party"; and the subsequent and secret Championship by the President of the cause of the *injured Cashier of the Contractors*, as against the *Engineer in Chief of the Railway Company*, it is not proposed to make any reference, or remark, in this place.

With reference to the official inspection of the line by the President and Directors; and the subsequent *personal inspection on foot* and alone, by the President, in order, as he stated to me afterwards, to satisfy himself of the fact of my complicity in the original Contract; together with the correspondence resulting therefrom, I beg leave to refer the Committee to the accompanying printed pamphlet, entitled: "Remarks of the Chief Engineer upon charges made by the President." Dated December 1st, 1874. These "Remarks" were placed in the hands of the Chairman of the Executive Committee, to whom the matter had been referred by the Board of Directors, on Dec. 9th, 1874. If the pamphlet was delayed in reaching the Board, until the 10th of the following April, as stated by the President, I presume that the Chairman will be able to make very satisfactory explanations to the Committee, and also to the Board. I am quite certain, however, that he will do me the justice to say that I never showed the least hesitation in having, but

rather an anxiety to have the whole subject brought to the notice of the Board, at any time when, in his opinion, the interests of the Company would be promoted thereby. I desire to remark however, in passing, that the theory upon which that defense of the Engineering organization was based, has since been confirmed to a remarkable degree.

With reference to the allusion made in the President's statement, to the effect: "that a personal inspection of the line was made from a sense of duty, and to satisfy the President on the propriety of appending his name to a very large quantity of Railway Bonds, which it was proposed to sell amongst his friends in Europe," it will only be remarked, that inasmuch as these thirty year bonds were, in all human probability, destined to be in existence some fifteen years after the termination of the President's natural life; and therefore, that his descendants might possibly inherit any odium that would hereafter attach to them, this extraordinary precaution, on the part of the President, must be regarded as very commendable, particularly when it is assumed that his friends in Yorkshire, England, were to make so large an investment in them.

With reference to the President's statement: "that it became more and more apparent to him, from the reports of the Government and Corporation Engineers, that there was something *radically wrong* in the Engineering Department," I beg leave respectfully to refer to the annexed letter which I addressed to the Secretary, on the 12th April, 1875, transmitting a "*Historical Review of the Government Standard*," together with the documents therein particularly referred to, which show conclusively that every-

thing had been *radically right and consistent* in the Engineer Department, from the negotiation and date of the original Contract, up to the present time.

It is proper to state however, that my letter to the Secretary, above referred to, has never been allowed by the President to be laid before the Board ; and that the Secretary has not been permitted to distribute the "Historical review of the Government Standard," therewith transmitted, and as therein requested, to the Provincial Government, the City Council of Quebec, and to the different members of the Board, with a view, as therein stated, to future concurrent action by all parties interested in the speedy and proper completion of the Road.

With reference to the President's statement, "that he called upon the Chief Engineer to explain and remove the unfavorable impression left upon his mind, both by Mr. Keith's statement, as well as by recent Reports;" I have to remark, that the President never, to my knowledge, called upon me for any such purpose. On the contrary, I took an occasion when he honored me with a call upon an entirely different subject, to draw his attention to what I had heard of his saying to Directors and outsiders parties, respecting the statements made by Mr. Keith ; upon which he seemed somewhat embarrassed ; but finally admitted the fact, and stated, very frankly, that his inspection of the line on foot ; and his subsequent course toward myself and the Engineering staff, had been inspired by Keith's statement, and with a particular view of finding something tangible upon the line, that would confirm the charge.

I asked him if he had succeeded in finding anything of the kind ; and he replied that he had found nothing except

the low grades upon Section 6, which he thought were more favorable to the Chicago Contracting Company, than the grades, as arranged upon other parts of the line, were for Mr. McGreevy. Upon my asking him whether he had discovered any change, either in the profiles or grades, since the contract had been in Mr. McGreevy's hands except such as would save unnecessary expense to the Contractor, he replied to the effect: "that he did not understand *the ups and downs* of my profiles at all; and that he could only judge of the matter by what he saw upon the line."

I took occasion, during that conversation, which is the only one I ever had with him upon this subject, except in the presence of the Board, to make the most unqualified denial of Keith's charge; and he left me, as I then supposed, with a firm conviction that it had no foundation in fact.

It seems however, from his present statement, that his mind has never been quite at ease upon the subject, from the fact that he "has never been able to understand why it was necessary to obtain the consent of the Chief Engineer of the North Shore Railway, to an action in the United States to receive Commissions on any Contracts made by this Company", &c. This remark refers to the closing paragraph in a letter (which the President appends to his Statement,) which I had addressed to Mr. Dunlap in January last, asking him to contradict the Statement made by Keith; and is as follows: "My cousin, M. T. Seymour, thinks he has a just claim against your party for services as Agent, in procuring the Contract. I did not consent that he should commence legal proceedings in the matter,

until after I was informed of Mr. Keith's Statement above referred to ; but I have since told him to do as he pleased."

Desiring that there may be no further misapprehension respecting this matter, I will state, as I have stated before on all proper occasions, that my Cousin was the sole Agent through whom I was put in communication with these parties ; and that they, as he claims, having failed to comply with an agreement with him, by which he was to be benefitted by the Contract ; and having sold the Contract for a large bonus, without having tendered him any satisfaction, he proposed to take legal proceedings against them. Inasmuch as I would necessarily be the main witness in the case ; and not desiring to become embarrassed with frequent attendance as a witness, in the United-States, during my official connection with the road, I prevailed upon him to postpone it for the time being. But when I heard of the foul slander promulgated by Keith, I at once wrote to my Cousin, that I would withdraw my objection, and that he could take his own course in the matter. And, as is my custom in all such matters, I frankly stated the fact to Dunlap, so that he could be governed accordingly. It seems, however, that even this slight circumstance has, in the mind of the President, become magnified into the most conclusive evidence of my guilt. And also, that this fact, in connection with the letters which he, together with his friend, the Cashier of the Contractor, have recently received from Dunlap and Keith, *" All tend to show that the loose screw is to be looked for in the Engineering Department."*

It is quite true, as stated so eloquently in the closing peroration of the President, that other, and I think much more important issues, as affecting the true interests of the Company, have intervened, to divert the attention of the Board to such an extent, that this one great idea of the President's mind, seems to have been lost sight of by every one but himself, until within a few weeks past. But I deny emphatically, that these *side-issues* have been raised by the Chief Engineer, as the President states, "to envelope the whole subject with mystery, and so gain time, and cause delay."

On the contrary, I claim that these "*side-issues*" were thrust upon the Company, and upon the Chief Engineer, entirely through the agency of the President himself, by his improper interference with matters upon the line which did not pertain to his office; and by his promptings to the Government Engineer, as well as his Reports to the Board, respecting the character and details of the work, of all which he could not, from the nature of things, be a competent judge.

The labor of defending my Department, as well as the integrity of the original contract, from these attacks, was therefore very justly and necessarily thrown upon my own shoulders; and as to the degree of success with which this duty to the Company, as well as to myself, has been performed, almost single handed and alone, (the full results of which can only be determined hereafter) I am not ashamed to refer to the "*Volumes which have been written,*" and which are so *sneeringly* alluded to in the statement of the President.

It will also be remembered that, while laboring day and night, in the performance of this, as it now seems,

thankless duty to the Company, I did not lose sight of that other duty to myself, of vindicating my character, at least before the Board of Directors, from the slanderous insinuations of the President; and that I therefore demanded of him, in the presence of the Board, that, in case he had mentioned this slander to Mr. Fleming, I should claim the right to be heard in the matter by Mr. Fleming, before his report upon the existing differences should be submitted to the company.

It seems, however, that the President, during all these *side issues*, has never *lost scent of his real game*; and that at this late day, after having informed the Board, "that he did not regard Keith's statement as of sufficient importance to call their attention to it." And after having stated publicly, "that all differences had been amicably adjusted." And after having, within a few weeks, approved of the adoption of a resolution, by the Board, *fully endorsing the Chief Engineer*, he has at last arrived at the conclusion as stated by him: "*that Colonel Rhodes and General Seymour, cannot hold their relative Offices and work together.*"

Under ordinary circumstances, an intimation of this kind, from the Chairman of the Board of Directors, whose Servant I am, should be regarded as a sufficient intimation, to place my resignation at his disposal; but unfortunately in this case, the President has placed it out of my power to do so, without its being regarded as a full confession of my guilt; and I am therefore reluctantly compelled, in justice to my own character and reputation, to join issue with him before his own Board; and also before the Courts, in order to purge my character from the foul stain which he has deliberately cast upon it.

Leaving now the further consideration of the President's statement, I will proceed more directly with my own defense against the charges therein contained, of collusion or complicity with the members of the Chicago Contracting Company, to defraud the Railway Company.

In doing this, I will first call attention to the character of the Parties upon whose written and verbal statements he relies to substantiate his charges; and then submit such further points and considerations, to the Committee, as may appear to have a direct bearing upon the case.

STATEMENT OF THE CHIEF ENGINEER

Respecting the parties upon whose letters and statements the President relies to substantiate his charges respecting the complicity of the Chief Engineer in the Contract.

PERRY H. SMITH AND GEORGE L. DUNLAP.

With reference to *Smith and Dunlap*, it is very well known that they accumulated large fortunes each, while joint managers of the Chicago and North Western Railway, of which, during a long period, Smith was first Vice President and principal Executive officer, and Dunlap General Manager. The Chief Engineer therefore felt quite willing that they should invest a portion of their surplus earnings in the promotion of the construction of the North Shore Railway. They and their associates were fully and honorably pledged to invest at least one million dollars in work upon the road, before placing the securities of the Company upon the market ; instead of which, both Smith and Dunlap left for Europe within three months after signing the contract, and before commencing the work of construction to any extent ; and spent a year in hawking the Company's bonds through the money markets of Europe

then, failing to sell the bonds, they returned to this country and sold the contract to Hon. Thos. McGreevy for a large bonus, without the consent of the Railway Company, or the knowledge of the Chief Engineer; and left the country with the plunder in their pockets, and a lie in their mouths, as evidenced by the letter written from Montreal by Dunlap to the Chief Engineer, four days after the transfer.

SAMUEL L. KEITH.

With reference to *Keith*, it is proposed to show, that when he was first introduced to the Chief Engineer, by M. T. Seymour in Chicago, he represented that he was a retired Contractor with a large fortune; and abundantly able, in connection with his proposed associates, to furnish all the means required to secure the immediate construction of the road; whereas, it was afterwards found that he was substantially a bankrupt at the time, and expected to recuperate his fortune out of this contract. Also that he borrowed some money from a Chicago bank, to keep up his interest, which he afterwards refused to pay; and the President or Cashier was obliged to come to Quebec and make the best settlement he could, by taking "cats and dogs" for a portion of the debt; while Keith was holding Mr. McGreevy's paper, or its proceeds, in his pocket, for his share of the investment and bonus. Also that Smith and Dunlap, in December, 1873, represented to the Chief Engineer that Keith had deceived them grossly as to his means; that they had been obliged to advance money for him continually; that they had already reduced his inte-

rest ; and that unless he gave good security for the future, they should throw him over-board entirely.

It will be shown further, that a few weeks after the transfer of the contract, Keith called upon the Chief Engineer, for the purpose of exonerating himself from any blame in the matter, upon the ground that the thing had been closed, by Smith and Dunlap, without his knowledge and consent ; and that they had compelled him to sign the transfer with them. He also stated that they had not divided with him fairly ; they keeping nearly all the bonus to themselves, and only paying him back his advances ; but if he ever should meet them in Chicago, *he would get even with them*. The Chief Engineer told him that he felt disgraced and humiliated before the Railway Company, and the people of Canada, for ever having brought the parties into Canada, and endorsing them as men of character and integrity ; and that he hoped this would be the last he would ever see or hear of any of the party ; upon which Keith left abruptly, swearing that he would also *get even with the Chief Engineer*, before he left Canada ; which threat was afterwards repeated to several other persons in Quebec.

It will also be shown, that Keith afterwards sold at auction and private sale, and pocketed the proceeds of a large amount of property and plant, which had been purchased for Railway purposes ; all of which, really and in good faith, were transferred with the contract.

It will also be shown that Keith, during his stay in Quebec, after the transfer of the contract, and his efforts to pick the bones of the decaying carcass of the Chicago Contracting Company, spent most of his time in obtaining

information from the Contractor's office, respecting the sub-letting of the work; and in forming combinations to obtain an interest in some of the sub-contracts; and also in magnifying the difficulty and expense of doing the work, to parties who were not in his ring; until, failing in these efforts, as he supposed and alleged, through the agency of the Chief Engineer; and learning also that the Chief Engineer had denounced him openly for selling property that did not belong to him, he finally left Quebec in disgust, on the 12th October, 1874, without having yet got "*even with the Chief Engineer.*" Fortunately, however, he happened to meet the President and Vice-President of the Railway Company, on the boat to Montreal, and therefore, feeling quite sure that he could place the boundary line of the Province, if not of the Dominion, between the Chief Engineer and himself, before the vile slander would reach his ears, he embraced the last opportunity to inflict a most cowardly, but as he undoubtedly supposed a *fatal stab* at the heart of the Chief Engineer, by concocting the story, which it seems to have been the main object of the President's subsequent official acts, respecting the Chief Engineer, to substantiate and render effectual for accomplishing his ruin.

JOHN T. PRINCE, JUNIOR, CASHIER.

With reference to *Prince*, I hardly know what to say that will do him full justice.

He seems to have been the *prime mover*, and *Chief Conspiritor* in the affair, for the purpose, as he openly alleges, of "*retaliating*" against the Chief Engineer for some supposed wrong, or *under-handed injury*; which he admits

has resulted to his advantage, so far as his present employer is concerned. But nevertheless, to use the exceedingly happy expression, so often used by his friend Keith, he is determined "*to get even with the Chief Engineer*" by "*retaliation.*"

I had often heard of the "*Cashier's*" playful threats "to drive all the Seymour's out of Quebec"; and I have once or twice had occasion to refer to him in my official communications with the Company and the Contractor; but I utterly disclaim ever having done so *underhandedly*, or for the purpose of doing him unmerited injury.

In fact, the first of these communications was addressed directly to himself, calling his attention to a slight discrepancy, (only \$1,322.61), in two certified statements which he had returned to me, of the expenditures of the Chicago Contracting Company, during the month of November 1873.

The next of these communications was also *official*, but I think with himself verbally, when I merely remarked, that I thought he did very wrong to allow Keith to sell, without protest, the horses, buck-board, and other property, which he had returned to me over his own signature, as expenditures upon the road; and which he knew had been embraced in my monthly estimates, and therefore belonged to his present employer; to all of which he blandly replied "that the vouchers had all been sent to Chicago, and therefore *it was quite impossible for him to tell anything about it*"

The next of these communications was also *official*, and addressed openly to the Contractor, to the effect: "that the imperious and overbearing style adopted by the

Cashier, in his intercourse and correspondence with members of the Engineering Staff, has become exceedingly offensive; and if persisted in, I shall feel compelled, for the proper protection of my sub-ordinates, to issue an order prohibiting any member of the Staff from holding further official intercourse or correspondence with him, upon matters connected with the Road."

The next communication was also *official*, and addressed to the Contractor, in which his attention was called to a little discrepancy, (only \$21,014.07), between a certified statement of expenditures which had been furnished to me by his Cashier, upon which to base my progress estimates, and the footings of the vouchers which were afterwards furnished to me, for the same purpose, from the Contractor's office; upon which occasion I merely remarked that: "A result of this kind, as a matter of course, has a tendency to destroy all confidence in any statement of this nature which may hereafter emanate from that source."

Upon being furnished, subsequently, with a copy of a complaining letter which the cashier had addressed to the Contractor upon the subject, from which the following is an extract: "he (the Chief Engineer) appears to be *unsatisfied* still, as I am informed he has lately brought the matter to the notice of the Board of Directors (referring to the letter from which the above extract is taken, a copy of which had been filed with the Secretary) and complains to them that I am still in the employ of the Contractor," I hastened to embody the following certificate, in a communication which I had the honor of addressing to the Board of Directors, on the 13th Feb., 1875, which I trust,

when the facts come to the Cashier's knowledge, will fully satisfy his sensitive mind upon that subject :

" I desire also to put the mind of the Cashier at rest, at once and forever, respecting all apprehensions he may entertain in relation to my personal "unsatisfaction," or "complaints to the Company," so far as his relations with either myself or the Railway Company are concerned, by certifying *most unequivocally* that I regard him as most peculiarly fitted, in every respect, for the performance of the very arduous and responsible duties which have been assigned to him, in the Construction and Financial Departments of the Road."

The above recommendation, when taken in connection with the important fact, as stated in his letter to the President of the 31st March, 1875, as follows: " but finding that the statements made by Gen. Seymour were having if anything a contrary effect on Mr. McGreevy from what he intended, I withheld the information, not wishing to injure him," should certainly induce the Cashier to refrain from any further "*retaliation*," unless he has become satisfied that the course which he has taken in this matter, will raise him still higher in the estimation of his present Employer.

POINTS SUBMITTED BY THE CHIEF ENGINEER.

*For the consideration of the Special Committee, in answer
to the charges respecting his complicity in the contract.*

1st. That inasmuch as the President first received information respecting the supposed complicity of the Chief Engineer in the contract, on the 12th October, 1874, directly from Samuel L. Keith, whom he knew to be a member of the Chicaco Contracting Company, it was his duty, if he believed in the truth of the information, to call the immediate attention of the Chief Engineer to the fact; and, if he did not exculpate himself fully, to suspend him at once, and report the case to the Board of Directors.

2nd. That inasmuch as the President did not do this; but on the contrary, has continued his official relations and intercourse with the Chief Engineer, upon the same terms as he had done before receiving this information; and that, some months afterwards, he informed the Chief Engineer in the presence of the Board, substantially: "that he did not regard the matter as of sufficient importance to justify him in bringing it to the notice of the Board; and that it probably never would have been brought to the notice of the Board, if he, the Chief Engineer had not then openly called attention to it;" and subsequently, on the 17th March last, the President having made a public decla-

ration, before nearly two hundred people, to the effect :
“ that all difficulties had been satisfactorily arranged, and
that we were now on the eve of a new departure,” &c.
And still later, on the 8th of April, 1875, having given his
full and open concurrence to a Resolution adopted by the
Board of Directors, in which the long and faithful devotion
of the Chief Engineer to the interests of the Company is
fully endorsed ; and the confidence of the Board in his
future faithfulness to the interests of the Road, fully
declared. And inasmuch as the Chief Engineer is not
charged by the President, in his present statement, with
having committed any act, since the date of the above
mentioned acts and declarations of the President, which
can justly be regarded as forfeiting his claim upon the
Company for its *continued confidence*, it is submitted that
neither the Committee, nor the Board, have any just
grounds for taking further proceedings in the matter.

3rd. That, inasmuch as the original verbal statement
made by Keith, is quite as direct and reliable as any
written statements which he or his associates have since
made, the President has no more grounds for believing in
the truth of these statements now, than he had on the 12th
October last ; and therefore, having condoned or dis-
regarded the original statement, he has now no right,
either in justice or equity, to ask the Board to take any
action in the matter.

4th. That there is nothing, either in the President's state-
ment, or in his correspondence with Keith, to show that
his late efforts to establish the truth of his charges, have
been conducted in his *official capacity* as the President of
the Company. On the contrary, Keith's letter of March

26th, 1875, in which reference is made to : " your letter enclosed in one from Mr. Prince," is addressed to : " Col. Wm. Rhodes, Quebec, *My dear Colonel,*" from which the inference is conclusive that it was a *private correspondence*. Otherwise the letter which Keith had received from " Col. Wm. Rhodes," and Keith's reply thereto, should have passed through the hands of the Secretary, and become matters of record in the Company's Office. The same remark will apply to the letters from Prince to the President ; and the copies of letters received by Prince from Dunlap, which were enclosed to the President for his private information and guidance ; all of which should have been deposited with the Secretary, and thus rendered accessible to the Directors at least, if not to the Chief Engineer, whose proper standing with the Company was so much endangered by them.

It is therefore submitted that these facts place the President *outside* of the Company's interference and protection; and that they should be regarded as sufficient to justify the Board in refusing "*participation in the responsibilities the President has assumed*" in his statement.

5th. That a careful analysis of the President's statement and the letters submitted by him in support of his case, will show that each of the parties has a special motive for pressing and confirming these charges against the Chief Engineer at the present time, as for instance .

Prince, openly avows his motive to be "*retaliation*" for previous supposed or real injuries.

Keith, shows very clearly that he also has a grievance to redress, and that he is still determined "*to get even with the Chief Engineer.*"

Dunlap, is willing that his brother-in-law Prince, shall make Keith's letter and charges public, if he finds it necessary to do so for his own protection against the Chief Engineer.

Smith, "might wish to use it in the suit which Mark Seymour has brought against him in New York," as stated in Keith's letter; and,

Col. Rhodes. is threatened by the Chief Engineer with a suit in the Courts for defamation of character; and it is therefore of the last importance to him, that he should convince if possible, in advance, the Board of Directors of the truth of his charges, and thus induce them to assume "participation in the responsibility the President has assumed."

It is therefore submitted, that these motives and considerations should have very great weight with the Committee, in the investigation of the case at the present time.

6th. That the foregoing statement of the Chief Engineer, respecting the parties upon whose letters and statements, the President depends to substantiate his charges, is sufficient to show, that no reliance whatever should be placed upon either their verbal or written statements; and that, when taken in connection with the fact, above stated, of their direct interest in the result; and also in view of the course which they have already taken in this matter, the conclusion would seem to be quite justifiable, that at least a very large margin should be allowed for any statement which some of them might make under oath, in this particular case.

7th. That the laws under which we live, and upon which we must rely in the last extreme, for protection against unjustifiable conspiracies, and slanderous assaults

of this nature, declare to the effect; "that every person should be regarded as *innocent*, until he is *proved to be guilty*." It was upon the justice of this principle that the Chief Engineer relied, when he determined to afford the President an opportunity to prove the truth of his public charges and allegations in a Court of Justice: and also when he wrote to the Secretary on the 15th April, 1875; "That unless the parties upon whom the President relies to substantiate his charges, are prepared to add the crime of the *grossest perjury* to that of the *most unwarrantable conspiracy*, in order to accomplish my ruin in this life, I sha'll hope for a full vindication of my character at an early day."

It is therefore submitted, that the special Committee and the Board of Directors, should be guided by the same just principle, in any further action that may be taken in this matter.

8th. That the President having determined, that before being called upon to respond to his charges in a court of Justice, where statements can be made only *under the solemnity of an oath*, he will first have an investigation by the Board of Directors, where *oaths are inadmissible*; and where the probable facts can be determined only by means of the verbal or written statements of interested and irresponsible parties, together with such concurrent circumstances as may appear to have a direct or remote bearing upon the case; it is therefore submitted, that the counter statements and denials of the Chief Engineer, together with such attendant circumstances and probabilities as may appear to have an equally direct or remote bearing upon the case, should be regarded as having, at least, equal

weight and importance with the Committee, and the Board of Directors.

9th. That the following propositions are therefore respectfully submitted by the Chief Engineer, as showing that all the *attendant circumstances, and probabilities* in the case, are decidedly against the truth of the charges of the President.

It is not alleged in any of the letters produced by the President, that the Chief Engineer had ever spoken to Keith, directly upon this subject ; *but the whole case seems to depend upon what Keith says that Smith and Dunlap either have said, or promise to say hereafter, upon the subject.*

Having made it a rule of my life, never to have any complications of this nature with Contractors, is it at all probable that I would depart from this rule in the present case, for the paltry, and even *contingent* consideration of *fifty thousand dollars*, a portion of which, as Smith is supposed to be prepared to state, was to be expended in a house, and the remainder was to support myself and family for life ; particularly when a kind Providence had already secured to my family a house and home that is worth at least half the amount that it is alleged was to be my share of the profits in the Contract ?

Having a salary fixed at six thousand dollars per year, as Consulting Engineer of the road, at the date of the contract, is it at all probable that the Contractors would have then consented to my receiving *ten thousand dollars* per year as Chief Engineer, after that date, (more than double the salary then being received by any Engineer in Canada) if it had been previously understood and agreed that I was to have a direct, or even a contingent interest in the financial result of the contract ?

Dunlap having, in London, during the month of May 1873, while referring to the extra risk and expense attending my then and probable future visits to Europe, for the sole benefit of the Contractors; informed me that himself and Smith had always intended that I would make as much out of the contract as either of them; and upon my declining to entertain such an idea, saying further, that from the positions which I had held, it was my own fault that I was not rich enough to buy out both himself and Smith, and that I deserved to remain poor so long as I entertained such ridiculous notions; and then afterwards repeating to a mutual friend, the substance of his conversation with me, is it at all probable that he would have made these statements, if the agreement with which I am now charged had existed?

Having requested Dunlap to purchase for me a watch in Europe, which he did, and sent to me in the Fall of 1872, is it at all likely, that, upon his return from Europe, in 1873, he would have directed the Cashier to charge me, and credit himself with the amount, which he did, and cheerfully paid, if he had then understood that I was a partner with him in the contract?

Having upon the sale of the contract, represented to the present Contractor the arrangement which had been made with me as to salary; and obtaining his assurance that the arrangement would be carried out in good faith, on his part; is it at all likely that Smith and Dunlap would have neglected to mention the more important arrangement as to my *pecuniary interest* in the contract; or that, if they had done so, the present Contractor would have failed to call my attention to the latter understanding, when he did

to the first, if it had previously been understood that I had such an interest ?

Having secretly sold the contract for a bonus of from seventy-five thousand to one hundred thousand dollars, without my knowledge and consent; and having left the Country with the proceeds in their pockets, without even then or thereafter offering to share the plunder with me, is it at all probable that *just and honorable men* would have treated *even a silent partner* in this manner; and then, worse than all, come back upon him and attempt to ruin his character and professional reputation, by charging him with the very act, which, if committed, they must admit, and others must infer, was the sole means of securing to them the contract, and the bonus which they received for it ?

They having done all this; is it at all probable, that if the charge were true, I would proceed at once to incur the hatred and displeasure of their Cashier, Dunlap's brother-in-law, who must have been in their secrets; or that I would embrace the first opportunity to denounce their partner Keith, (who happened to be the only one within my reach,) for the perfidy of himself, and partners, who had deceived both the public, the Railway Company and myself with reference to their real intentions to construct the Road; and also for his own dishonesty in selling property that belonged to the present Contractor; and, all this, if he held me at his mercy, and had the power at any time to expose me; and is it not quite unaccountable that he did not threaten me with this exposure *on the spot*, and thus prevent me from denouncing him further; and also from intercepting his future plans concerning the Road ?

Or is it at all probable, that, upon my first hearing of the verbal statement made upon the Boat, by Keith to the President, I would have alluded to the matter in my defense against the President's charges, under date of December 1st, 1874: "with a view to a most rigid and thorough investigation"; or that I would have had the assurance to write to Dunlap, on the 18th January, 1875, asking him to contradict the statement made by Keith; or that a month later, thinking that the President might have mentioned the matter to Mr. Fleming, I would have had the audacity to call his attention to the subject before the Board; or that, after having been, as I then supposed, reliably informed of the contents of Dunlap's letters to Prince, which had found their way into the hands of the President, who was busily publishing their contents to the world, I would have written Dunlap a threatening letter, on the 3rd April, 1875, to the effect: "that, unless you undo this foul wrong at once, by retracting your false and malicious statements, if time, health, and means are graciously spared to me, and so sure as there is a God above, I will follow you to your death-bed if necessary, in order to obtain justice, and ~~your~~ ^{full} reparation"; or that, even since all this, I would have openly charged the President with the wrongs which he was inflicting upon me; and declared to the Company which I was serving, my determination to commence legal proceedings against its President, unless he retracted his false charges, and made me every reparation in his power?

Does all this look like the work of a *Traitor* and *Hypocrite*? Does it not rather convey to the mind the idea of an *innocent and injured man*, who, after struggling for weary months

against the insidious attacks of a revengeful foe ; and feeling conscious that the ground upon which he stands is daily crumbling from under his feet, by reason of the secret undermining and machinations, carried on under the eye, and with the approval of the President of the Company, whose duty, in his high position, would appear to be *to defend and protect*, rather than to *crush and ruin* him, strikes boldly and fearlessly, although perhaps unwisely, out at his cowardly adversary, at the first moment when he can sieze anything *real or tangible* at which to aim his blows ; and who, in the consciousness of his own innocence and integrity, openly demands that his calumniators shall meet him, upon equal terms, in a Court of Justice, where something more than secret whisperings and insinuations ; or even gratuitous and open verbal and written statements are required, before a man's private character and professional reputation shall become a sacrifice to their envy, hatred or revenge ?

It is therefore submitted, in conclusion, that the entire case presents the appearance of a most *foul Conspiracy*, in which Prince, Dunlap, and Smith while endeavoring to avoid all personal responsibility, are making *cats-paws* of Col. Rhodes and Keith, merely for the purpose of promoting their own selfish purposes ; and that *Col. Rhodes*, upon finding himself caught in the snare, suddenly desires to assume the character of *President*, and thus throw the entire responsibility of his acts upon the Railway Company.

THE CHIEF ENGINEER SUBMITS THE CASE.

Referring to the present Contractor, for any information he may give, respecting the efforts of the Chief Engineer to obtain his check for *Fifty thousand dollars*, or any other sum.

Referring also, to his letters upon this subject, to the Secretary, of the 14th and 15th April, and to the Board of Directors, of the 20th April, 1875, which are now in the hands of the Committee, the Chief Engineer is prepared, with the foregoing remarks, to leave the case in the hands of the Special Committee, and the Board of Directors, so far as this investigation is concerned.

In doing this, he is fully conscious of the claims which the President has upon the Board of which he is Chairman, for its protection and support, as against a subordinated Officer of the Company.

But nevertheless, the feeling of entire consciousness in his own past and present integrity to the Company, and all its interests; and the further conviction that "*thrice armed is he whose cause is just*," impel him to place the utmost confidence in the result, so far as it can be affected by the calm and deliberate judgment of the Board of Directors, after the most strict and impartial investigation.

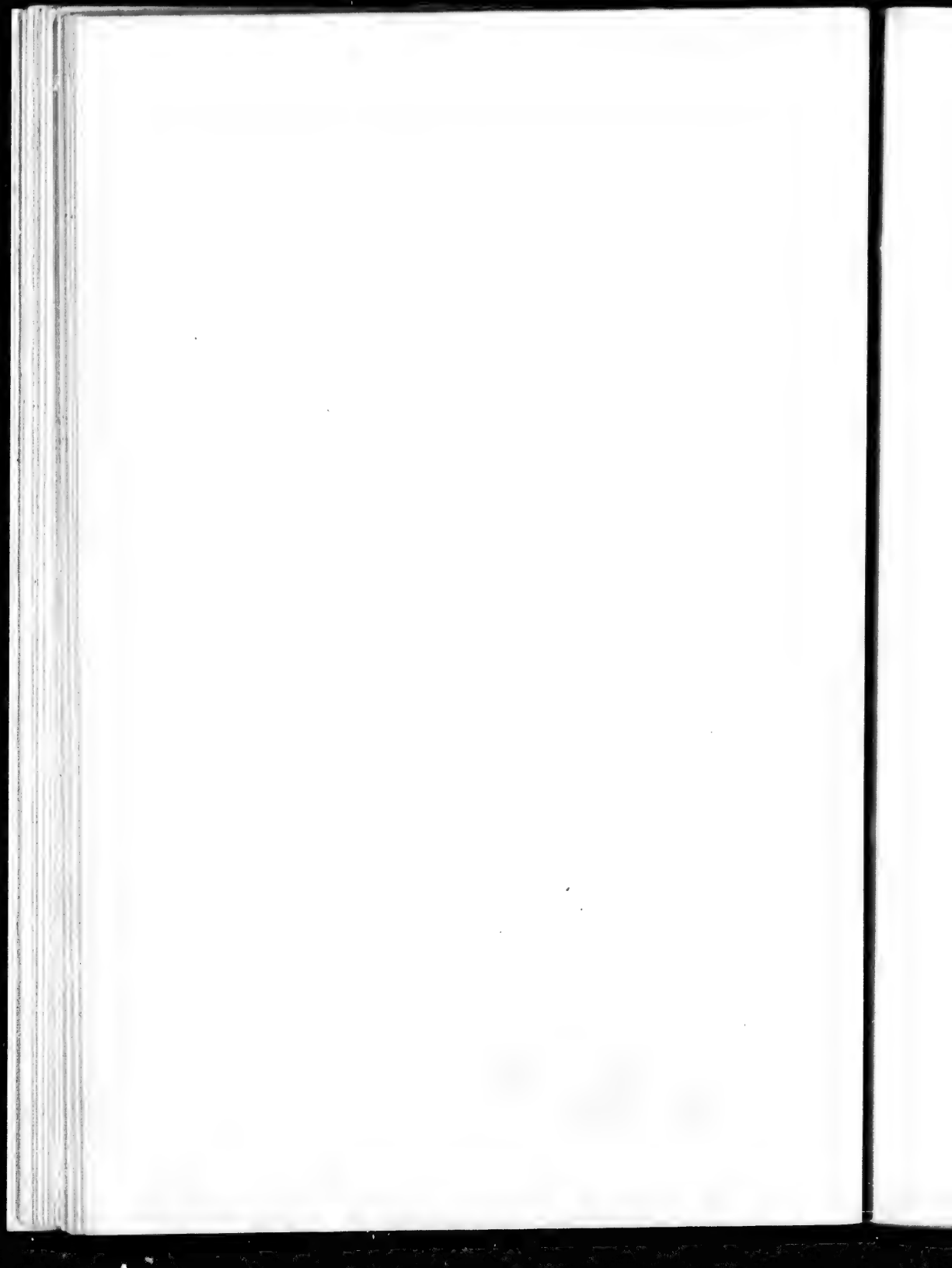
All of which is most respectfully submitted,

SILAS SEYMOUR,

Chief Engineer.

TO THE SPECIAL COMMITTEE,
AND THE BOARD OF DIRECTORS OF THE
NORTH SHORE RAILWAY COMPANY.

Quebec, 30th April, 1875.

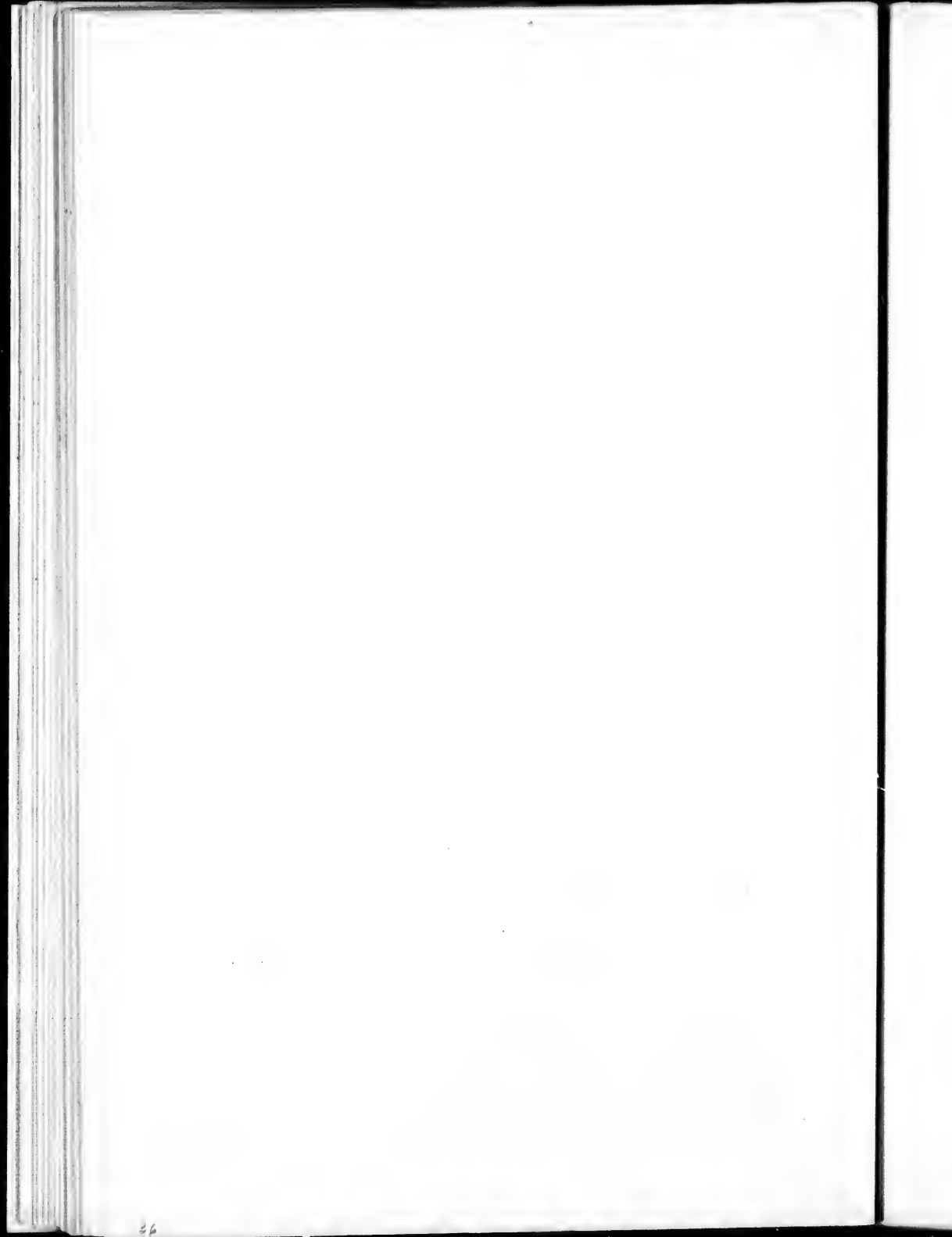


APPENDICES

TO THE CHIEF ENGINEER'S REPLY TO THE CHARGES MADE BY THE PRESIDENT.



- I. Letter from the Chief Engineer to the Chicago Contracting Company, dated July 29, 1873....
- II. Letter from Geo. L. Dunlap to the Chief Engineer dated Montreal, June 16, 1874.....
- III. Extract from "Report of the Chief Engineer, upon the Quebec Railway Aid Act of 1874," dated Feb. 5, 1874.....
- IV. Letters from the President while in Europe, to the Chief Engineer.....
- V. Letter from the Chief Engineer to the Secretary, transmitting "Historical Review of the Government Standard," dated April 12, 1875.....



APPENDIX N^o 1.

Letter from the Chief Engineer, to the Chicago Contracting Company.

NORTH SHORE RAILWAY.

OFFICE OF THE ENGINEER IN CHIEF,

Quebec, July 29th 1873.

GENTLEMEN:

I am informed by your Mr. Perry H. Smith and George L. Dunlap, who have recently returned from London, England, that owing to their failure in procuring the necessary means with which to prosecute the work, by a negotiation of the Bonds in London, it will be necessary to allow the present working season to pass over, without doing any thing in the way of construction.

Before fully and irrevocably determining upon such a course, I desire to call your very serious attention to certain facts and considerations, which in my opinion should have a controlling influence upon the decision of the question as to your future policy.

By the terms of the supplemental contract recently executed, you have undertaken :

1st. To complete and equip the Main Line, so far as to permit of its being opened for business, by the running of one or more daily trains between the Cities of Quebec and Montreal, within the year 1874.

2nd. To fully complete and equip the aforesaid Main

Line, in accordance with the terms and conditions of the original contract, on or before September 1st 1875, and,

3rd. To fully complete and equip the Main Line, on or before December 1st 1875; and the Piles Branch, on or before May 1st 1877.

Having had, as you are aware, a somewhat large and varied experience in driving work of this kind to completion, *against time*, as it were, I deem it my duty to point out certain reasons, which to my mind are perfectly conclusive, as showing the physical impracticability of accomplishing the first, and in all probability the second of these undertakings, within any reasonable limits as to cost, without the expenditure of a considerable amount of money during the present year.

1. The right of way should be so far secured, as to prevent any delay in taking possession of any portion of the line, on or before the commencement of the working season of 1874, otherwise the work will be liable to serious detentions from litigations, &c.

2. The work of graduation is comparatively light for most of the distance, and can be completed within from two to four months from the time of its commencement, with an adequate force of men and teams; but there are, in all, some eight or ten miles of grading, which should be got well under way during the present working season, in order to secure its completion in time to lay the track over it during the Fall of 1874.

3. The timber and stone required in piling and cribbing for the deep water bridge foundations, should be all delivered upon the ground before the close of navigation this year; and these foundations should all be put in and well secured, before the ice leaves the streams next Spring; otherwise it will be very difficult and expensive, if not impossible to get them ready for the masonry in time to secure its completion as soon as it will be required for raising the superstructure of the bridges.

4. The stone quarries should all to be opened during the present season, and a good supply of stone delivered upon the ground at each locality where masonry is required, in time to commence laying as early as practicable next year; otherwise the masonry cannot be completed in time for the raising of the superstructure of the large bridges, as soon as the track should be laid over them.

5. The timber required for all bridges, should be contracted for early during the present season, in order that it may be manufactured, and delivered upon the ground as early as possible, or whenever it may be wanted, during the next season; otherwise it will be very difficult, if not impossible to procure it.

6. The cross ties should all be contracted for early during the coming Fall; otherwise it will be very difficult, as well as expensive, to secure their delivery upon the line as soon as wanted.

Without entering into a close calculation, I would estimate that about five hundred thousand dollars should be expended in the manner above indicated, between this date, and the first of May next, in order to ensure success.

If you can raise the necessary means to enable you to comply substantially with the foregoing conditions, I should feel great confidence in your getting the track laid in good working order, between Quebec and Montreal, during the working season of 1874; and also in the full completion of the Main Line, according to contract, on or before the 1st September, 1875, provided always, that you can command the requisite amount of skilled and common labor, to accomplish the work.

On the other hand, unless you can accomplish as much as this, during the present year, I do not see the way clear for your completing the work within the time or times specified in your contract. And even with the expenditure above indicated, if compelled to be made late during the present season; and the balance of the work required to be driven under every conceivable disadvantage, during the working season of 1874, I conceive that the work and materials will cost a very large per-centage over and above what they would have cost, if the work could have been prosecuted in the ordinary way, during the present year.

When I left London, on the 14th of May last, for the purpose of presenting to the Railway Company, a statement of your difficulties, and applying in your behalf for a further concession of Three Million dollars of Capital Stock, to be placed with the bonds, it was distinctly understood, both by yourself, and by the parties who had agreed to form a syndicate which would supply the money for constructing the Road, that, if the concession was

granted by the Company, the work would be resumed immediately, and carried forward without interruption to completion; and I was authorized, by letter from these parties, and by a cable received from your Mr. Dunlap, to give the most positive assurances to the Board of Directors to that effect.

Furthermore, I have every reason to believe that without this assurance, the concession could not have been obtained; and your failure to resume the work, and the failure of the parties in London to provide the necessary means for its prosecution, have therefore placed me in a very awkward position, not only in my relations to the Railway Company, but also to the Provincial Government, to the City Authorities of Quebec, and to the general public, all of whom placed the most implicit faith in my assurances, and favored your application accordingly.

In order to give you ample time to complete the track of the Main Line, I extended the time several months longer than the time specified in the form of Supplemental Contract prepared in London; but in doing so, I anticipated that you would require all the working months of this and the coming year, to enable you to do the work economically, and within my estimate of its cost.

If you are to lose the present season entirely, and are forced to crowd all the work that should be done in two seasons into one, you will not only be compelled to add a very large percentage to my estimate of the cost; but will, in all probability, fail entirely in carrying out your engagements with the Railway Company.

This failure on your part, as you must be aware, will not only prove a great loss and disappointment to the Railway Company, but your own reputation, both as individuals, and as a Contracting Company, besides a very large percentage in the actual cost of the work, are in my opinion, entirely dependent upon your expending a sufficient amount, during the present year, to secure beyond any contingency the completion of your contract within the time, and according to the conditions, therein specified.

Indulging the hope that the foregoing view of the case, when carefully considered, will induce you to leave no means untried to accomplish an object so desirable as the keeping of your faith with the Railway Company and the

Public at large, by successfully carrying out a great work,
the completion of which we all have so much at heart.

I have the honor to remain,

Gentlemen,

Your Obt. Servt.,

(Signed),

SILAS SEYMOUR,

Eng. in Chief

TO THE CHICAGO CONTRACTING COMPANY.

APPENDIX N^o 2.

Letter from Geo. L. Dunlap to the Chief Engineer.

Montreal, January 16, 1874.

DEAR GENERAL,

We find matters here quite satisfactory indeed, as you have very often remarked, they cannot be in a better shape. I wanted to advise with you yesterday upon a matter, but felt so perfectly assured in my own mind that the subject would have met with your complete approval, that I omitted to do so.

Both Mr. Smith and myself feel much better about the North Shore Enterprise now than ever before, since we think we can plainly see that the plans now about matured will result in the early completion of the road, and the Government deserve commendation for their sagacious concessions.

Believing that all things will conspire for good.

I am, my dear General,

Very truly,

(Signed,)

GEO. L. DUNLAP

GEN. S. SEYMOUR,

Chief Engineer North Shore Railway,
Quebec.

APPENDIX N^o 3.

*Extract from the " Report of the Chief Engineer upon
the Quebec Railway Aid Act of 1874,"*

Dated Feb. 5, 1874.

" TRANSFER OF THE CONTRACT "

" It may be expected that, before closing this report, some allusion will be made to the transfer, which it is understood has recently been made of the existing contract to the Hon Thomas McGreevy, of this City; which contract was executed in good faith, by the Railway Company, on the 5th April, 1872, with Messrs Perry H. Smith, Samuel L. Keith and George L. Dunlap, all of Chicago, Illinois, and doing business here in the name of the Chicago Contracting Company.

Inasmuch as neither the Railway Company, nor any of its officers, have as yet been favored with a notice of this transfer, or an intimation as to its conditions, I can only assume that when the matter is brought properly before the Board of Directors, it will receive such careful consideration and action, as will be calculated to promote the best interests of the Railway Company.

Having been chiefly instrumental in bringing about the negotiation of a contract with these parties; and therefore being very justly held responsible to a certain extent, both by the Railway Company and the Public, for its being carried out in good faith on their part, I may be permitted to say, that it is a source of great satisfaction to me personally to know, that, except the general loss of more than a year's time in the completion of the road, the Rail-

way Company has sustained no pecuniary loss by the delinquency of these Contractors ; and that the result of the contract thus far has been, an expenditure on their part of about \$200,000 a portion of which has gone to re-imburse the Company for the most of its former expenditures, and to pay its current expenses ; and the most of the balance has been legitimately expended in paying for right of way, grading and engineering, all of which may be made available in the further prosecution of the work.

I may also state further, and with equal frankness, that in my opinion it will be quite fortunate for the Railway Company, if it shall be found that the contract has fallen into the hands of Mr McGreevy, whose name, reputation and acknowledged financial ability, will undoubtedly prove to be a source of great additional strength to the Enterprise.

The fact that Mr McGreevy, has already assumed the contract, would seem to indicate that he feels entire confidence in his ability to carry out, either the present contract, or such a modification thereof as the company may consistently sanction ; and therefore, while in the one case you have had American Contractors, whose sympathies, and interests were very naturally quite foreign to those of your own Government and people ; and whose principal object as they have already demonstrated, was to make as much money out of the contract as possible, and take it with them out of the Province ; in the other case, you will have an entirely responsible Canadian Contractor, whose sympathies and interests will necessarily be in full accord with your own Government and people ; and whose profits, if he should be so fortunate as to realize any from the contract, will but add so much to the wealth of the City and Province of Quebec.

It has for a long time been quite apparent, that, not only the Railway Company, but also the Government and people of Canada, were becoming more and more dissatisfied with the great want of energy and financial strength manifested by these American Contractors, in the prosecution of the work ; and I would therefore expect that a change of this kind, at the present time, would be regarded with great favor, by all parties interested in a speedy resumption of work, and an early completion of the road. "

APPENDIX N^o 4.

*Letters from the President, while in Europe, to the
Chief Engineer.*

Extract of letter dated, Birnam Woods,
Dunheld,

GENERAL S. SEYMOUR,
Quebec,
Canada.

Perthshire,
Scotland,
25th July, 1874.

MY DEAR GENERAL,

I received a short note some time ago from you, reporting a continuation of the discussion at Quebec, as to the party who were to embark their money, and take chances in the construction of the Railway. From all I can learn of investments in England, there appear to be so many favorable opportunities of placing money any where and every where, and at all rates of interest, that it will be very difficult to engage any Capitalists in our favour, unless we bait very high; our security is a Railway which will have to be completed hereafter out of its income, and some lands of no real value, except for its timber, which is not yet in our possession. The Railway in the first instance will have to be built out of the funds of our Contractor and his two Allies the Province and the City of Quebec, and if any or all of these interests mistrust each other, then we shall stick.

There is of course no object to be gained by Mr. McGreevy exhausting his means, and so losing the advantage of being a rich man, as he will only place himself at

the mercy of a public who have already shown the estimation they place on such services as those of Mr. Russell.

This market is full of Canadian securities, I note, the Grand Trunk offer \$300,000 permanent five per cent at £90.

A Quebec party also want £200,000, £100,000 cash to enable them to ship butchers meat to England, which they state can be purchased at a Canadian Port for \$6, and shipped for 1 penny per lb. to Liverpool, viz.: 4d. per lb., they wanted me to be a party to this concern, but I declined because butchers meat of first quality costs now in Quebec and Montreal \$10 the cwt. and I do not know why £100,000 is wanted. £5000 worth of meat shipped to Liverpool and sold for cash on its arrival could be all done on ordinary bank credit of sixty days.

I mention this scheme as it is one of Mr. Robertson's to benefit the Townships; and illustrates what a parcel of fools Canadians think the English to be, totally forgetting that the English Commissariat know what has been paid for beef to be issued to the troops in Canada for the last fifty years."

Yours faithfully,

(Signed,) W. RHODES.

The President to the Chief Engineer.

Extract of letter dated, Kiswick,

Westmoreland,

England,

4th August, 1874

MY DEAR GENERAL,

I have your letter relating to you Engineering difficulty with the Contractor, and I note that an expenditure on his part is still progressing. It ought to be our policy to get as much money as possible out of the private funds of the Contractor, spent on the works, and to involve the Govern-

ment both in the management, as well as in the construction of the road.

I am of opinion that by next session, the Government will have a new Railway policy similar to that of India, viz.: to build our Railways out of funds raised from their own Government sources, and construct first the lines, that offer every prospect of paying something considerable towards working expenses.

As we are working, our Contractor intends to build an inferior line in the first place, use up our rails in ballasting, and leave us to contend with a series of financial difficulties, caused by our acceptance of a work, which will require large annual repairs for many years, before it may be considered a first class road, and the construction account closed.

If Mr. McGreevy sells his Bonds well, he will make a road in proportion to his profits, but as I notice such Railway securities as Pa. Central are sold here at 46 (\$50) and will at that pay eleven per cent interest, I do not think his prospect of selling Railway Bonds good; and I don't believe he has made any but very moderate financial arrangements in England. Consequently, Mr. McGreevy may contemplate the necessity of passing all kinds of inferior work in satisfaction of his contract.

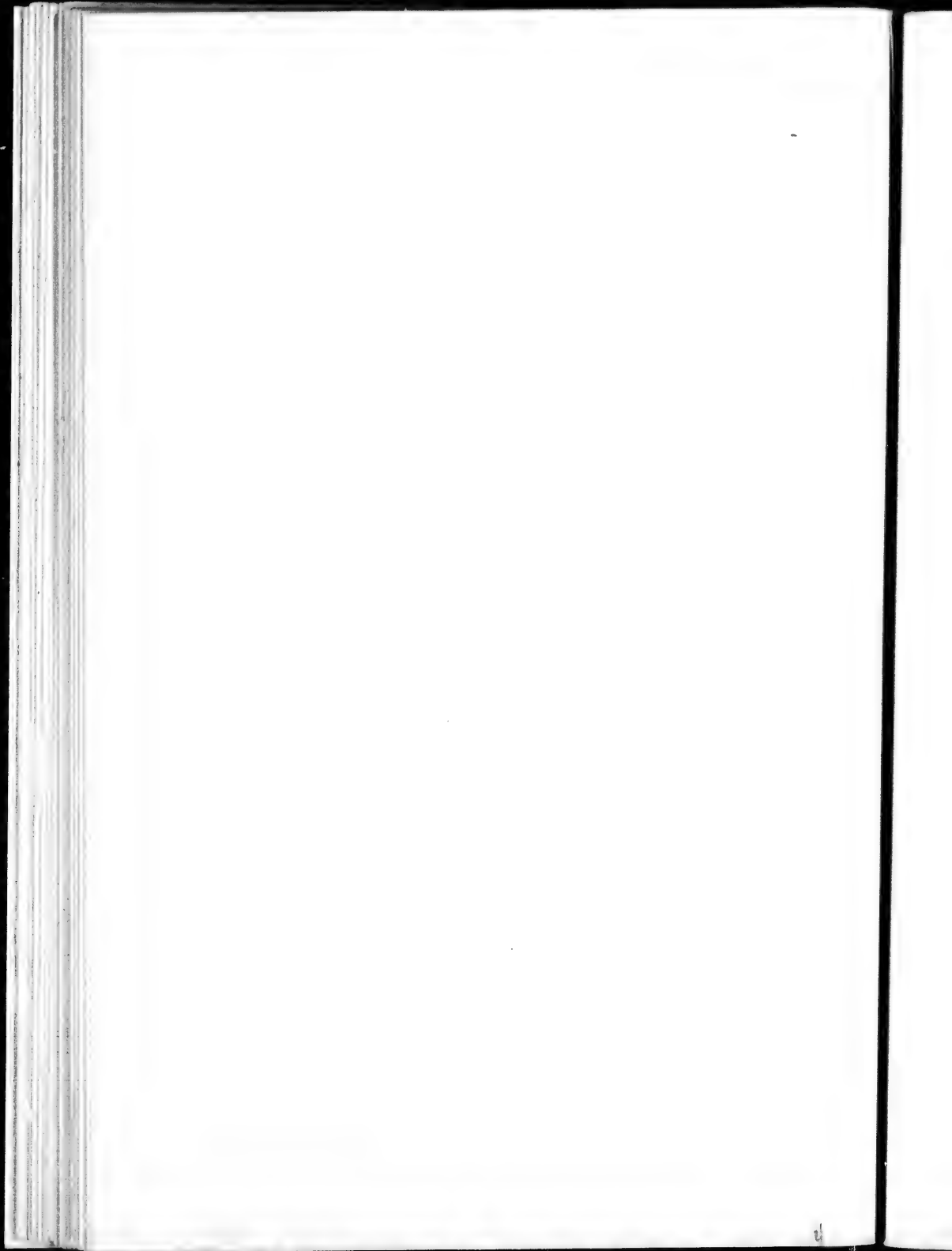
I have no letters from Mr. McGreevy requesting me to call upon the so called London Agents, and as I have no business in London of my own, I do not propose to go to Town.

If Mr. McGreevy can be induced to make a good show of work this Autumn a great point will be gained."

Yours faithfully,

(Signed,)

W. RHODES.



APPENDIX N^o 5.

Letter from the Chief Engineer to the Secretary, transmitting " Historical Review of the Government Standard."

NORTH SHORE RAILWAY.

OFFICE THE OF ENGINEER IN CHIEF,

Quebec, April 12th, 1875

MR. SECRETARY,

You will please find herewith, thirty printed copies of of a " Historical Review of the Government Standard " which I have recently prepared for the use of the Company.

It was my intention that this document should be placed before the Board of Directors, at its last monthly meeting held on the 8th instant ; and previous to my letter of the 7th instant, in which I request to be relieved from the further performance of the duties of Acting Chief Engineer ; but the delay in printing prevented this from being done. I would therefore respectfully request that copies of it be sent to the different members of the Board, and also to the Provincial Government, and the City Council of Quebec, in order that some intelligent and decisive action may be taken upon the subject at the next meeting of the Board.

Assuming that the conclusions arrived at in this document are based upon facts, and sound reasoning, as I believe they are, it would seem to be clearly the duty,

as well as the interest of the Company, to urge upon the Government the justice and expediency of an immediate abandonment of the most, if not all of the foolish and unreasonable requirements of their Engineer, as embodied in the present "Standard;" and that the Company and the Contractor be allowed to prosecute the work in future, very much upon the basis that it has been prosecuted in the past, or before the advent of this Government Engineer.

If the present Government is really friendly to the road, as I believe it to be, I do not see how it can consistently persist in heaping additional and unnecessary burdens upon the Company and the Contractor, at this most critical period in the history of the Enterprise, when, if reports from abroad are true, there seems to be very little if any hope of obtaining money from that quarter, to carry on the work upon any basis whatever; and when, therefore, by insisting upon the full "*pound of flesh*" the Government stands in very great danger of losing its entire debt; or rather of defeating the object which it originally had in view by granting aid to the road.

Inasmuch as the enclosed document is probably the last communication of any considerable length or importance, that I shall have the honor of placing before the Board of Directors, upon this or any other subject while I remain the *Acting Chief Engineer* of the road, I desire to state, that in the future I shall rely with entire confidence upon it, in connection with previous reports which I have presented to the Board upon this subject, for a full and complete vindication of my past administration of the office of Chief Engineer of the road; and also for the purpose of demonstrating the entire consistency of my views, as expressed at different times, respecting the requirements of the contract, and the character or class of road provided for therein, and contemplated by all parties connected therewith, from the date of its first inception, until the present time. These views will be found expressed:

1st. In a printed "Report to the new Board of Directors," dated May 28, 1873, in which allusion is made to several newspaper articles derogatory to the character of the road, as well as to my character as Chief Engineer of the road. And I claim that, but for these "newspaper articles" (which, as was afterwards admitted by their instigators,

were published merely, to use their own words "the object bring to kill Cauchon and render his election impossible") the question with reference to the future character of the road, which has given rise to so much controversy and trouble; and which has finally culminated in the present extraordinary "*Government Standard*," would never have been raised

2nd. In a pamphlet containing "Opinions of several Engineers respecting the specifications, 1873."

3rd. In a pamphlet containing "Engineers Reports on location," dated Oct. 10, 1872; Sept. 11, 1873; and Oct. 9, 1873.

4th. In a printed "Report of the Chief Engineer upon the Quebec Railway aid Act of 1874," dated Feb. 5, 1874.

5th. In a pamphlet containing, "Views of the Engineer in Chief respecting his powers, duties and responsibilities," dated July 16, 1874.

6th. In a pamphlet containing "Views of the Chief Engineer respecting his powers under the contract to change the line, grades and plans, during construction," dated January 30, 1875.

7th. In a "Report of the Chief Engineer upon the Situation," with seven appendices, dated March 4, 1875.

8th. In a printed "Historical Review of the Government Standard, by the Engineer in Chief," (now transmitted,) dated April 6, 1875.

A reference to the above documents will show, that my own views as to the clearly expressed requirements, of the contract; and the character or class of road originally contemplated, and now being executed under it, are now and always have been in full accord with the views of Mr. Walter Shanly, and other practical Railway men, both in this Country, and in the United-States, upon the same subjects. While at the same time it is equally manifest that these views differ in some important particulars, from the views entertained by another class of Engineers, "*whose financial experiences, (as stated by Mr. Shanly,) have been wholly in Government pastures.*"

It remains therefore for the Railway Company, the Provincial Government, and the City of Quebec, to decide as to which of these theories they will adhere in their future policy respecting this road.

To my own mind it is quite clear, that if the theory

which I have always advocated had been strictly adhered to, the road would be now in a much more advanced condition than it is; and that the prospects of its speedy completion would be much more promising than they now are. While on the other hand, it is equally clear, that if this theory is not adopted and fully adhered to, it is very questionable whether, under its present organization, the road will ever be built at all.

I have the honor to remain,

Mr. Secretary,

Your obt. servt.

(Signed), S. SEYMOUR,
Chief Engineer.

A. H. VERRET, Esq.,
Secretary N. S. R. Co.,
Quebec.

NORTH SHORE RAILWAY.

REMARKS

OF THE

CHIEF ENGINEER

UPON THE CHARGES MADE BY THE PRESIDENT OF THE COMPANY IN
RELATION TO THE INEFFICIENCY OF THE ENGINEER DEPARTMENT,
AND THE GENERAL CHARACTER OF THE WORK.

I. STATEMENT OF CHARGES.

The first charges made by the President, are contained in his report of a tour of inspection, in Company with several of the Directors, on the 16th, 17th and 18th of September, 1874, over the line of the road from Quebec to Three Rivers. This report was submitted to the Board of Directors at their monthly meeting, held in October last, from which the following are extracts : " There are no works bearing a finished character, except the fences ; these I am sorry to say, reflect very little credit on our Engineering Department, whose business it is to supervise and report specially upon the character and quality of work under construction, and reject such as is not in accordance with the contract. " And again : " I am sorry, also, to report

that I did not find our Engineering arrangements to be such as I expected. The officers appeared to me to be deficient in energy, as well as in a knowledge of what the country can afford in the construction of the Railway." And again : " Unless we improve our organization, we shall not fully realize the public expectation, viz : that the North Shore Railway will be a first-class work."

The second charge is contained in the President's letter to the Chief-Engineer, under date of October 20, 1874, from which the following is an extract :

" I could gain no evidence of the Residencies having been inspected at all, or at regular periods, by the officers at the heads of those departments, consequently, there are many works neglected, and others constructed in a manner which shews great ignorance or neglect in the persons connected with such works."

The third charge is contained in the President's letter to the Chief-Engineer, under date of November 9, 1874, from which the following is an extract :

" I regret exceedingly that I do not find myself in a position to give praise to the Engineering Staff, as represented by yourself and your Chief Officers ; but as I hold that the Directors become ultimately responsible for the manner in which the moneys of the Company are expended, they would be grossly neglecting their duty, if they maintained in their service, officers who are not in the full enjoyment of their confidence. I have, therefore, given my opinion of the position with a full knowledge of the responsibilities I assume as Chairman of the Board of Directors, and as one of the elected Directors of the shareholders of the Company."

The fourth charge is contained in the Report submitted by the President to the Board of Directors, at their monthly meeting, held in November, 1874, respecting his personal inspection of the entire line ; from which the following is an extract :

" I have requested our Chief-Engineer to attend to certain works which ought to be looked after this year, such as burning brush, erecting farm crossings, &c. I have also applied for copies of such specifications as may have been furnished the Contractor, as a guide to the construction of the minor works in the different Parishes, such as fences gates, crossings, cattle guards, as many of these, I am sorry to say, are not considered first-class in country places ; and most of them will have to be restored in a very few years."

" A correspondence with the Engineer Department is now laid before you."

In addition to the foregoing charges of a somewhat general nature, the President's field notes, which were made during his walking inspection of the line, abound in more specific charges of the following nature : " Brush to be burnt "—" Dumping on stump three feet high being very bad work "—" Brush to be burnt "—" Fences very uneven and generally bad, gates equally so," &c., &c., for all which reference is respectfully made to said field notes.

Inasmuch as the correspondence above referred to, and the reports made by the President directly to the Board, contain all the foregoing charges, together with the President's conclusions thereon, it will be seen that the President has been pleased to place the entire matter in the hands of the Directors ; and that in doing so, he has taken care to pre-judge the case, by placing upon the records of the Company, in advance of any investigation or decision on

the part of the Board of Directors, his clearly implied opinion, that neither the Engineer in Chief, nor his subordinates are entitled to the full confidence of the Board.

II. GENERAL VIEW OF THE CASE.

Without commenting in this place, upon the extraordinary course taken by the President ; and after remarking, that this is the first time, during a somewhat long, and varied professional experience, that I have been called upon to defend either myself, or my subordinates from charges of this nature, will proceed to give such a general view of the case, and of the correspondence referred to, as in my opinion, the facts and circumstances connected therewith will clearly warrant.

In order to understand the subject fully, it is necessary to refer, in the first instance, to the tour of inspection, which was made over the line, by the President and several of the Directors, on the 16th, 17th and 18th of the month of September last.

Upon this occasion, while halting a short time at the St. Augustine road crossing, for the purpose of giving the Directors an opportunity of examining the work, the President remarked " that the farm fences in the neighborhood appeared to be composed almost entirely of cedar, while the Railway fences were composed of inferior materials. Mr. John Lindsay, Resident Engineer, who happened to be standing near, replied in substance " that the farm fences were quite old, and that cedar had become very scarce in this vicinity during the past fifty years."

I had been honored with a seat in the carriage occupied by the President and Vice-President of the Company ; and upon proceeding onwards, the President called the atten-

tion of the Vice-President, and myself, to the remark which had been made by Mr. Lindsay, respecting the fencing; and stated, that he talked much more like a contractor, than like an Engineer in the service of the Company. As we proceeded onwards, towards Three Rivers, the President's mind seemed to be occupied almost entirely with the subject of fencing; and he did not fail to call our attention to every new cedar rail or picket, which he happened to notice in the farm fences along the road, for the purpose of demonstrating the fallacy of Mr. Lindsay's remark; and at the same time, to prove that he was not a proper person to be employed by the Company.

It is therefore, to this unfortunate remark of Mr. Lindsay, that I attribute the commencement of the President's hostility to him. And, I also attribute the present want of confidence, on the part of the President, towards the Chief Engineer, to be chargeable mainly to the fact, that I attempted to shield Mr. Lindsay, to some extent, from the President's displeasure, instead of discharging him at once from the service of the Company.

While halting the same night, at Pont-Rouge, it so happened that Mr. Alexander Hart, called upon the President and myself to pay his respects; and I introduced him to the President as a fence Inspector, who had been appointed at the request of the Contractor, to look after his fencing; and I remarked, at the same time, that Mr. Hart had thus far devoted much more of his time to the other business of the Contractor, than to the fencing; to which Mr. Hart assented; but also, remarked "that he had seen enough of the fencing to satisfy him, that it was a better fence than the generality of Railways in the United-States were fenced with." Which remark, I saw at once, had

produced the same effect upon the President's mind with reference to Mr. Hart, that had previously been produced with reference to Mr. Lindsay.

During the same evening; and also on several other occasions during the trip, I explained both to the President and Vice-President, the history of the fence question from the beginning up to the present time; and assured them that none if it had been accepted; and that only such a proportion of it would be returned in my estimate, as should be found to come fully up to the true spirit and meaning of the contract.

Another circumstance occurred during this trip of the Directors, which I have since come to believe has exercised a very important influence upon the mind of the President, with reference to the want of ability and energy, on the part of both the Chief, and Resident Engineers.

When the Board of Directors decided to make this tour of inspection, I was directed by the President, to see that arrangements were made along the line for proper accommodations. And also, that the party should reach Three Rivers on Friday evening, September 18th, so that they could return to Quebec, in time for the meeting of the Board, which had been adjourned to Saturday, the 19th September. I had accordingly prepared a "Time Table No. 1," for the trip, giving the times of arrival at, and departure from the different points upon the line, with a view of passing through the country by daylight; and of reaching Three Rivers at the time designated. Several copies of these time tables had been prepared and distributed among the Directors; and it was fully understood, that they were approved; and that it was my business to see that the programme was carried out.

I had allowed, as I supposed, sufficient time for the Directors to obtain a very good general idea of the character and capabilities of the country ; and also of the position of the line of Railroad, as it could be pointed out from the contiguous roads over which we were to travel. And I was also careful to allow a considerable extra time for a more critical examination of River crossings, mechanical structures, station grounds and other important points, which I supposed would very naturally be found particularly interesting to the Directors ; but more than this I knew that it would be quite impossible to accomplish, during the limited time allowed to the present trip.

I also found, after starting from Quebec, that most of the carriages were much too heavy and cumbersome to pass safely over some of the rough roads, running nearest the line ; and therefore, that it would be necessary to omit some points which I had hoped to visit.

It became quite evident, however, during the second and third days of the trip, that the President entirely misconstrued my efforts to avoid accidents, and excessive delays, and thus to keep pace with the timetable ; and that he attributed much of the delay to a dereliction on my part, to allow him to find the Directors as little as possible of my work ; on this point his views were quite apparent, that those impressions of the President were being constantly strengthened by the representations of Mr. R. H. McGreevy, a brother of the Contractor, in whose behalf he had been invited to accompany the Directors.

This feeling had reached such a point, that upon our arrival at St. Amos in the evening of the second day, the President and Mr. McGreevy entered into an agreement to walk over the balance of the line to the Three-Rivers a dis-

tance of twenty-four miles, during the following day; but upon the following day, it was noticed that the proposed walk was continually being cut short, until at last it resulted in a walk by the President and Mr. McGreevy, accompanied by the Resident Engineer, over the last nine miles of the distance, in the afternoon, during a drenching rain storm; while the Vice-President and balance of the Directors, accompanied by the Chief Engineer, drove to and walked over the heavy work, east of the St. Maurice River, which was, in reality, the only work of any importance then in progress, between St. Annes, and Three-Rivers.

After forwarding the Directors across the ferry to the Hotel, at Three-Rivers, I remained upon the bank of the St. Maurice, at the point of Railway crossing, between two and three hours, for the purpose of rejoining the President when he arrived; and of giving him any information or explanation that he might desire, respecting the work. After which I drove with him to Three-Rivers, where we arrived too late to make an inspection of the line through that City, which I had felt a strong desire to do, particularly as the important question of station grounds was liable to be brought before the Board of Directors at any time.

III. RESULTS OF THE DIRECTORS TRIP.

I have considered it important to give the foregoing hasty sketch of the President's trip over the line with the Directors, in order to show the principal reasons for his unfavorable impressions with reference to the efficiency of the Engineering Department and the character of the

work; which impressions were undoubtedly the moving cause for his subsequent inspection of the line on foot, which has given rise to the somewhat voluminous correspondence which he has thought proper to place before the Board of Directors.

It should also be remarked, with reference to the President's Report of this trip, that upon its being read to the Board of Directors by the President, I was very properly summoned before the Board, and given an opportunity to read the Report; and also to make such explanations as I might think proper, with reference to the charges therein contained. I explained quite briefly, and as I then supposed, satisfactorily to the Board, the state of the fencing question, and one or two other matters to which the President had called my attention while passing over the line. And also, the reasons why I had felt it to be my duty to hurry the Directors over the line, without giving them an opportunity to see more of the work. In doing this, however, I must beg leave to state, that I felt every confidence that the President, when he should take his proposed walking trip over the line, would give some person connected with the Engineering Department, upon which he had so summarily passed judgment, at least an opportunity of passing over the line with him; and of explaining, upon the spot, any matters to which he might think proper to call their attention; and that his mind would thus become relieved from the anxiety, which he had so frankly expressed in his report to the Board, respecting the dangers to which the Company would become exposed, unless the Engineering organization should be improved. But it seems that in this, as I then supposed very reasonable expectation, I was doomed to be dissatisfied, as will more fully appear

from the correspondence which preceded and resulted from that trip.

Before referring particularly to this correspondence, however, it is proper to state that, at the date of the President's walk over the line, my time was, and had been for some days previously, occupied almost entirely in the preparation of a revised schedule of quantities and values, upon which to base the monthly estimates which had been provided for by the contract. And as the President had given me written instructions, dated 7th October, requiring me to furnish him with one of these estimates "as soon as possible," I did not feel at liberty to suspend, either the preparation of this schedule, or of the estimate, unless authorized or required by him personally to do so. The time of the Resident Engineers had also been very much occupied with office work during the same period, in order to supply me with the data required for these purposes ; so that it happened to be particularly inconvenient, just at that time, for any one connected with the Engineer Department, to accompany the President over the line.

IV. THE PRESIDENT'S INSPECTION ON FOOT.

Referring now directly to the correspondence, it will be seen that, on the 8th October, the President gave me official notice of his proposed trip ; and requested me "to give such instructions to my Resident Engineers as would place him in a position to have the advantage of such recent knowledge as might be in their possession."

Although the wording of this portion of the President's letter seemed to be somewhat vague and ambiguous, I did not hesitate to construe it as meaning that he *did not* expect me to accompany him upon his trip ; but that he *did* expect

the Resident Engineers to do so; and I therefore, immediately enclosed a copy of his letter to each of the Resident Engineers, with instructions to meet the President at the times and places designated by him "with all the plans, profiles and maps necessary to afford him a full knowledge of the work in all its details;" and also "to accompany him over their respective Residencies."

It will be seen by referring again to the President's letter of the 8th October, that he proposed "to proceed to Montreal on Monday (Oct. 12th) and on Tuesday, examine the line of Railway, between that City and the Bout-de-lisle, continuing his journey the next day, Wednesday, via Industrie, to Three Rivers, where he hoped to arrive on Friday. On Saturday he proposed to leave on foot for Quebec, over the whole line of Railway, walking about twenty-five miles per day." This part of his programme seemed to be so very clear and explicit, that I could not entertain a doubt as to its real meaning; nor that Mr. Chandler, Resident Engineer at Montreal, would meet the President on the arrival of the boat, on Tuesday morning, and accompany him to Three Rivers; that Mr. Hamlin, Resident Engineer at Three Rivers, would meet him on Saturday morning, and accompany him over his Residency; and that Mr. Lindsay, Resident Engineer at Quebec, would meet him at Grondine, the west end of his Residency, either on the following Sunday or Monday, and accompany him over his Residency to the City of Quebec. And I therefore, ventured to indulge in a feeling of great confidence that, upon the President's return over the line to Quebec, his mind would be more at ease with reference to the character of the work; and also, that his prejudices

respecting some members of the Staff would either be entirely removed, or materially modified.

Having thus given the President's programme, or as it may very properly be styled "Time Table No. 2," I will proceed to state, as concisely as possible, the manner in which he adhered to it during the entire trip, as I have gathered the facts from himself, and from the reports of the Resident Engineers; and also as they came under my own personal observation.

It appears, that the President left Quebec at the time appointed, Monday, 12th October; and that he met Mr. Chandler at Montreal, on Tuesday morning, whence they proceeded together on Tuesday, via Bout-de-Lisle to Joliette; without however meeting with such a reception as the President had a right to expect; and further, that as they passed through L'Assomption on the way, the President telegraphed to Mr. R. H. McGreevy, at Quebec, that he should probably reach Three Rivers on the evening of the following day, Wednesday. On Wednesday they drove from Joliette directly to Three Rivers. On Thursday he walked from Three Rivers to St. Anne. On Friday he walked most of the distance from St. Anne to Pont-Rouge. And on Saturday he walked from Pont-Rouge to his home, near Quebec.

It further appears that he gave no notice of his change of programme to any one connected with the Engineer Department, although it does appear that he considered it important to notify Mr. McGreevy; and that he kept his movements over the entire portion of the line under construction, so entirely secret that even the hotel proprietor, at Three Rivers, supposed that he had left by boat on Wednesday night, for Quebec; and neither the Resident or Assistant

Engineer, nor the Inspectors, West of Pont-Rouge, knew of his passing over their portions of the line, until the same evening or the following day.

Mr. Hamlin, Resident Engineer at Three Rivers, came to Quebec on Wednesday morning, to bring his report of schedule quantities to my Office ; and to make such explanations respecting them as might be required, intending to return to Three Rivers in time to accompany the President over his Residency on the following Saturday

On Thursday morning, he was informed by Mr. Farmer, of Three Rivers, who had just reached Quebec by boat, that the President and Mr. Chandler were at Three Rivers the previous (Wednesday) evening. Mr. Hamlin, at my suggestion, telegraphed immediately to his Assistant, at Three Rivers, requesting him to ascertain and report the facts ; and was answered that the President had left by boat for Quebec the previous night. We therefore very naturally concluded, that he had either abandoned the idea of walking through the line from Three Rivers to Quebec ; or that, having unexpectedly reached Three Rivers two days ahead of his specified time, he had concluded to run home for a day or two, and return to Three Rivers so as to strike his time again on Saturday morning ; but it was regarded as somewhat remarkable that neither the Secretary, myself, nor any one here had received any notice of his movements, since he left Quebec.

I did not know at the time, that the President had telegraphed to Mr. R. H. McGreevy, from l'Assomption ; and, as I happened to have a conference with Hon. Thos. McGreevy, on Thursday, respecting his accompanying me to Batiscan by boat that evening, during which I informed him that the President, as I supposed, was then in or near



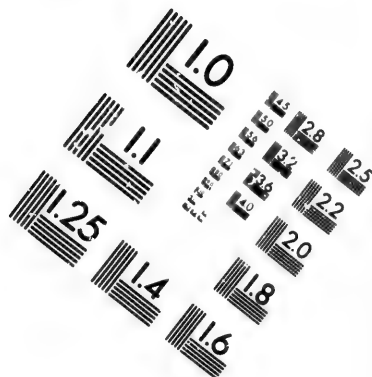
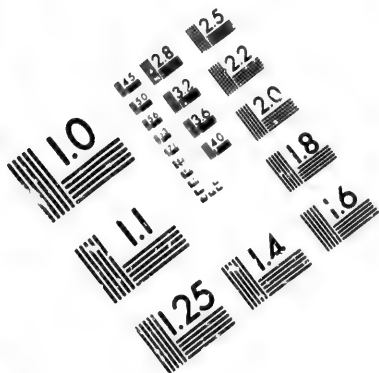
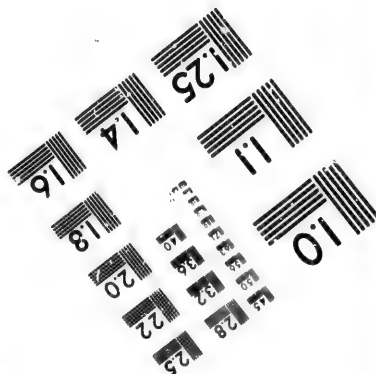
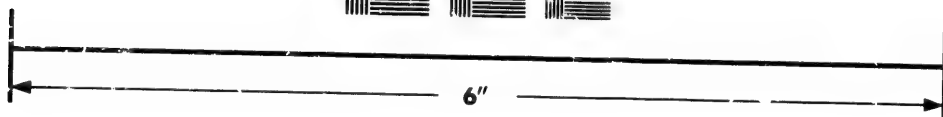
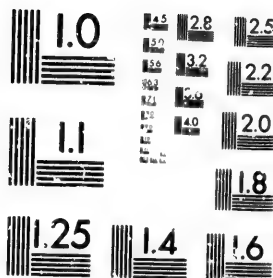


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Quebec ; and as he expressed his surprise that his brother who expected to meet him at Three Rivers, had not heard from him since he left, I am satisfied that, as the President had sent his despatch from l'Assomption, to Mr. R. H. McGreevy, subject to collection, it never reached its destination.

Mr. Lindsay, Resident Engineer at Quebec, had left the previous day, Wednesday, so as to be sure to meet the President at the west end of his Residency, at the time appointed.

I had concluded that it would be advisable for me, before closing my revised schedule, and the monthly estimate which I had in hand, to make a hasty trip to the Rivers Batiscan, St. Annes, Belleisle, Portneuf, Jacques-Cartier Noire and Cap-Rouge, at all which points the work upon the masonry and foundations was in progress, in order to satisfy myself fully as to the condition and progress of the work ; and also as to some rates or prices which I had proposed to adopt for the present and future estimates ; and as before stated, I had invited the Contractor, with whom I had had some discussion as to these rates, to accompany me on the trip, which he felt obliged to decline, however ; but promised that, if possible, his brother would meet me on the boat.

I therefore started on Thursday, P.M., for Batiscan, by boat, accompanied by Mr. Hamlin, who was returning to Three Rivers, for the purpose of keeping his appointment with the President ; from which appointment I had not felt at liberty to release him. Otherwise, he would have accompanied me over his work as usual ; but under the peculiar circumstances of the case it was thought best for him to be at his post at the appointed time, or until he was relieved

either by the President or myself. It was also arranged that he should telegraph me the following day at Portneuf.

I drove from Batiscan to St. Annes the same evening; and, after examining the work at that point with the Inspector on the following morning; and also, obtaining from him such information as I desired respecting the Batiscan foundations, I drove to Portneuf on Friday for dinner. On reaching Portneuf, I met Mr. Lindsay, who had just arrived from the East, on his way to meet the President at the west end of his Residency.

After giving Mr. Lindsay such information as I had received respecting the President's movements; and informing him that my information was not of such a character as to justify any change in my previous instructions, I started Eastward. Before reaching Portneuf Bridge, however, a despatch was forwarded to me from the Portneuf Telegraph Office, of which the following is a copy :

" Three Rivers, Oct. 16, 1874.

General SEYMOUR, Portneuf.

The President left early yesterday morning for Quebec, on foot.

L. B. HAMLIN. "

The above, it will be observed, was the only authentic information that I had received respecting the President's movements, since he left Quebec, on the previous Monday. And although his change of programme had not affected my own movements in the slightest degree, yet it is quite evident that it had kept the Resident Engineers from their legitimate work during at least two days.

Upon arriving at Pont-Rouge, on Friday evening, I sent a messenger back to Portneuf, with a note to Mr. Lindsay,

calling his attention to the masonry at the Bridge; and enclosed a copy of Mr. Hamlin's despatch, so that he could regulate his movements accordingly.

The President reached Pont-Rouge, at about seven o'clock on Friday evening, having, as he informed me, walked over the entire line from St. Anne, since morning, except six or seven of the last miles, when it became too dark to follow the line.

Upon my asking him why he had not notified some one of his change of plan, he replied that he had telegraphed to Mr. R. H. McGreevy, from L'Assomption, that he would probably reach Three Rivers on Wednesday night, so as to start over the line on Thursday, instead of Saturday morning, as he had originally intended.

I then told him that I regretted exceedingly that he had not informed either myself, or the Resident Engineers of the change in time, so as to have allowed them to accompany him over the line, and to explain upon the ground anything that he might consider amiss; to which he replied that it was of no consequence as he could accomplish his object quite as well without them. I then asked him if he would not allow Mr. Temple, who happened to be present in the room, to accompany him, on Saturday, over the balance of his sub-division, or even to Quebec if he desired; to which he replied, that he preferred not to be bothered with any Engineers, as they would only be in his way; that he had found no difficulty thus far in finding the line, except that in some cases the station and section stakes had been removed; and that he much preferred going through the balance of the line under construction, as he had commenced, entirely alone.

During the evening, he read to me several extracts from

his Field Notes, relating principally to the unsatisfactory state of the clearing and grubbing, fencing, spoil banks, &c., all of which, I endeavored to explain to him, were yet in an unfinished state, and had not been accepted from the Contractor.

From the confident tone in which the President referred to his notes, as confirming his previous impressions of the inefficiency of the Engineers; and his persistency in refusing to entertain the explanations which I gave him; together with the fact that he had thus far succeeded in evading the Resident Engineers; and his avowed preference of going over the work entirely alone, so that the Engineers, in direct charge of the work, could have no opportunity, either of profiting by his suggestions, or of explaining any irregularities which he might think proper to point out to them, upon the ground, I began to doubt whether I had placed a right construction upon that part of the President's letter of the 8th October, in which he said: "I would be obliged to you to give such instructions to your Resident Engineers, as will place me in a position to have the advantage of such recent knowledge as may be in their possession"; and to believe that he had never intended that they should accompany him over their work.

The impression also began to dawn upon my mind, which, I am sorry to say, has since grown into a settled and irresistible conviction, that the chief object of the President's inspection of the line, was not to improve the character of the work; but to endeavor to make good the charges respecting the inefficiency of the Engineer Department, which were contained in his previous report to the Board; and thus, if possible, to destroy the present Engineering organization of the Company.

He had previously told me that "he was after Mr. Lindsay," the Engineer of the 1st Residency, because of the remark which he had made respecting the fencing, and the scarcity of cedar timber in the country; and also because he had seen him driving upon the St. Louis Road with his family, when he should have been upon his work; but I had not suspected until now, that he was after the Chief Engineer, as well as his subordinates upon the staff

I had, to the best of my ability, been resisting for months, the open and undisguised efforts of the Contractor, either to break down or to destroy the efficiency of the Engineering organization, for the reason that better work and materials were required than he claimed were called for under his contract; and I was fully prepared for this legitimate fire from the front, because it was a strict matter of business, or profit on the part of the Contractor, involving as I very well knew, hundreds of thousands of dollars, in the ultimate cost of the work.

But, I must confess that I was not entirely prepared to have the President of the Company, whose interests I had so faithfully endeavored to protect, open a most galling fire from a masked battery in my rear, for the contrary and avowed reason, that work and materials had been accepted from the Contractor, which were far below the standard required by the contract; and this, just at a time when my Estimates, embracing the quantities and values "of work done, materials delivered and ready for delivery, and for payments made on account thereof," amounting in the aggregate to more than \$600,000, were to undergo the most searching investigation, not only by the Board of Directors, on the part of the Railway Company, but by competent

and distinguish'd Engineers, on the part of the Government, and the City Council of Quebec.

Whether the impressions which had obtained possession of my mind, at the time above referred to, were well founded or otherwise, may perhaps be regarded as entirely unimportant when considered with reference to their ultimate bearing upon the case.

But, I must beg leave to submit, with the greatest respect for the President, as well as the most entire confidence in his disinterested devotion to the best interests of the Railway Company and, perhaps very properly, of the Contractor also, that I had very good grounds upon which to base my conclusions; and also that, if his ultimate object was what it then appeared to be, his mode of accomplishing it could not be considered as entirely consistent with what even he would regard, under all the circumstances, as "Old fashioned English fair play."

The President left Pont-Rouge, alone, early on Saturday morning, October 17th, on his way to Quebec, reaching his home during the same day. I met him accidentally at the River-Noire, as he was passing, and had some further conversation with reference to the fencing and burning of brush.

Thus ended the President's tour of Inspection.

V. SYNOPSIS OF THE CORRESPONDENCE.

A further reference to the correspondence which followed, will show that:

On the 20th October, the President informed me officially of his inspection of the line; and called my attention to

several matters which needed correction ; enclosing also a copy of his field notes, for more particular information.

On the 23rd October, I acknowledged the receipt of his letter and field notes ; informing him also that I would reply more fully to his letter, after receiving reports from the Resident Engineers, to whom I had enclosed a copy.

On the same date, I enclosed copies of the President's letter of the 20th October, and his field notes, to Messrs. Lindsay and Hamlin, Resident Engineers, with a request that they would report upon the same, at their earliest convenience.

On the 24th October, Mr. Lindsay, Resident Engineer at Quebec, sent me his Report ; and on the 28th October, Mr. Hamlin, Resident Engineer at Three Rivers, sent me also his Report.

On the 3rd November, I transmitted copies of the Reports received from the Resident Engineers, to the President ; and also gave such information as he had asked for with reference to my own inspections of the work in progress, together with specifications of fencing, ties, &c., remarking also at the close of the letter : " that it will be entirely agreeable to me, as I presume it will be to the Resident Engineers, to have your letter of the 20th October, together with your field notes, and the entire correspondence which has resulted from your recent inspection of the work, laid before the Board of Directors, whenever in your opinion, the interests of the Company may require it."

On the 6th November, the President acknowledged the receipt of my letter of the 3rd, containing copies of the Resident Engineers Reports, &c. ; and asked for further explanations about the low grade on section 5, stating at the

same time, that the explanation of the Resident Engineer, Mr. Lindsay, was "both unsatisfactory and incorrect."

On the 9th November, I answered the President's letter of the 6th, making further explanations respecting the grade on Section 5, confirming what had been said by the Resident Engineer; and also correcting several other mis-statements contained in the President's letter. I also disavowed having expressed any desire to have this correspondence placed before the Board of Directors; but, at the same time, expressed great confidence that if it should be placed before them, a fair opportunity would be given for explanations, &c.

On the 9th November, the President made a further acknowledgment of the receipt of my letter of the 3rd and its accompanying documents, in which he informed me: "that the only reply that he could accept as satisfactory was that of the officer in charge of No. 2 Residency." Also, "that the Report of the Officer in charge of No. 1 Residency is inaccurate, coarse and impertinent." Also, with reference to my own inspection of the work, that: "I am, therefore, still under the impression that the line has never been thoroughly inspected by its Chief Engineer." And closing with a declaration of his own want of confidence in myself and my Chief Officers; and his determination, after receiving certain further information respecting the fences, &c., to place the correspondence before the Board of Directors, because, to use his own language: "I cannot refuse you such a measure of justice, even if I had the power to do so."

On the 10th November, I replied to the President's letter of the 9th, stating that it was not in my power to furnish him with any further information respecting either the

grade on Section 5, or of the fencing and gates paid for, than was contained in my previous letters. And, also, informing him that : " I have included in my monthly Estimates to the Railway Company, in favor of the Contractor, only such a proportion of the fencing that he has constructed, as in my opinion comes clearly within the true spirit and meaning of his contract ; and I shall consider it my duty to pursue this course, with reference to this, and all other classes of work, unless I am ordered to do otherwise by the President, or Board of Directors."

This closed the correspondence.

I have thus given what I fear may be regarded as a somewhat unnecessarily tedious, and prolix statement of the case, up to the time of closing my correspondence with the President ; in apology for which, I can only plead my desire, that every feature of the case may be fully understood, and properly considered by each member of the Board of Directors, before deciding upon the questions at issue between the President and myself, as to the general character of the work already done ; and the consequent efficiency or inefficiency of the persons connected with the Engineering Department, under whose supervision the work has been placed by the Railway Company.

It appears from the records of the Company, as certified to me by the Secretary, that : " At a meeting of the Board of Directors of the North Shore Railway Company, held the 13th November last, the following Resolution was adopted."

" *Resolved*.—That the Report submitted by the President

to the Board, and his correspondence with the Chief Engineer, be referred to the Executive Committee, with instructions to make an investigation with the aid of such Engineer, as they may think proper to choose, into the subject and particulars contained therein, and to report with the least possible delay."

I am further informed by the Secretary, under date of 27th November, 1874, as follows :

"In answer to your letter of this date, I beg leave to inform you, that I have been instructed to address the whole correspondence referred to in your letter, to each member of the Executive Committee, respectively. Two of these members have already read it, and the third has it now in his possession. As soon as the other two have read it, I expect the Chairman will direct me to call a meeting of the Committee."

Having thus been officially informed, that the President has fully determined to press the matter forward with all possible haste to its legitimate conclusions, it clearly becomes a duty which I owe alike to the Railway Company, to the Resident Engineers, and to myself, to prepare and submit to the Executive Committee ; and through that Committee, to the Board of Directors, such a defence against these most serious and damaging charges of the President, as the circumstances of the case may seem to justify.

In performing this, to me, most unpleasant duty, I trust that in following to some extent, the example set by the President, I may be pardoned for using such language and expressions as may appear to be best calculated to illustrate the true intent and meaning of the ideas sought to be conveyed.

VI. DEFENCE OF THE RESIDENT ENGINEERS.

Referring, in the first instance, to the charges preferred against the Resident Engineers, it will be observed that the letters and field notes of the President, clearly charge these Engineers with having neglected to exercise a proper degree of personal supervision over their work ; and that, "consequently, much of the work done, and materials used, are of an inferior or improper character " when considered in connection with the requirements of the contract ; the items particularly specified being fencing, clearing and grubbing, road and farm-crossings, and the waste material from earth cuttings.

Speaking first in behalf of Mr. Lindsay, Engineer in charge of the 1st. Residency, extending forty miles westward from Quebec, I will state, that he has had a very extensive professional experience upon some of the most thoroughly constructed Railways in Canada, and in the United States. And that during the six years previous to his appointment upon this Road, on the 1st of April, 1874, he occupied the position of Division or Resident Engineer in charge of some of the most difficult work upon the Intercolonial Railway. Mr. Lindsay's appointment was urged upon me by several of the Directors in person, as well as by the Contractor ; and his testimonials are of the highest and most satisfactory character.

The work of construction upon the 1st Residency, had been partially resumed by the present Contractor, before Mr. Lindsay, who was then engaged in re-locating the line upon the 2nd Residency, could take it fully in charge ; and since he was assigned to the full charge of the 1st Residency, on the 15th June last, his time has necessarily

been very much occupied in surveying, and preparing the necessary plans, profiles, and estimates, of the numerous lines within and near the City of Quebec, preparatory to their submission, by the Chief Engineer, to the Board of Directors.

But even with these extra duties to perform, I have every reason to believe that he has always found time to give the work of construction, upon his Residency, all the personal care and supervision that it required. He had three intelligent Assistants, in charge of sub-divisions of about thirteen miles each, who were constantly upon the line; and with whom he was in almost daily communication, either by letter, telegraph, or in person; and when I have had occasion to inspect any portion of his work with him, I have always found him fully posted as to all the details of the work; and, as a matter which I have regarded as of the utmost importance, I have never failed to find him thoroughly honest and impregnable, as against the most constant and persistent efforts on the part of the Contractor, and his agents, or sub-contractors, to force upon the Company a character of work and materials, which were very far below the standard required by the contract and specifications.

Entertaining, as I most sincerely do, the foregoing convictions with reference to Mr. Lindsay, and the faithful manner in which he has performed his duties to the Company, I trust that, whatever the consequences may be to myself, I shall be pardoned by the Board of Directors, for declining to join the President in a personal crusade against Mr. Lindsay; either on account of his thoughtless and uncalled for remark, respecting the present comparative scarcity of cedar timber along the line of the Railway; or

on account of his more recent offence, of being accidentally seen by the President, on one occasion, while he was driving in the evening with his wife and children upon the St. Lewis Road, when, in the opinion of the President, he should have been upon his work.

I have to state, further, with reference to Mr. Lindsay's case, that I must regard his reply to the President's charges, contained in his letter to me, of October 24th, and embodied in the correspondence now under consideration, 'as being entirely complete and unanswerable, so far as the main facts are concerned, with the exception, perhaps, of an unimportant misconstruction of the text of the President's field notes, respecting the quality of masonry at the Portneuf Bridge.

Finding, however, that the President, in his notice of this reply, was pleased to stigmatize it as being "*inaccurate, coarse and impertinent*," I considered it to be my duty to transmit to Mr. Lindsay a copy of the President's letter of the 9th November, in which the above, as well as several other equally offensive passages occur, in order that he might, if he wished to do so, furnish me with a reply which it would be proper to place with the other correspondence before the Executive Committee and the Board of Directors; and I have taken pleasure in placing with the Secretary, a copy of my letter to Mr. Lindsay, enclosing a copy of the President's last letter, and his very temperate and well considered reply thereto; and also, as requested by Mr. Lindsay, a copy of his report to me upon the subject of Fencing, under date of October 7, 1874; an examination of which will show the exact condition of this much vexed question, so far as Mr. Lindsay's official action was concerned.

Inasmuch as the President has been pleased to state, in his letter of the 9th November, " that the only reply that I can accept as satisfactory is that of the Officer in charge of No. 2. Residency " ; it seems to be quite unnecessary for me to say anything, in this place, with reference to the charges made against Mr. Hamlin, the Engineer in charge of that Residency ; which charges are contained in the previous letters and field notes, received by me from the President ; and embodied in the correspondence.

I must beg leave to state, however, in justice to this most faithful and valuable Officer, that, although his appointment, on the 15th June last, was made by me solely at the request, or rather the dictation, of Mr. Robert H. McGreevy, upon whose work, on the Intercolonial Railway Mr. Hamlin had previously been engaged as a Division Engineer for the Government, and afterwards by the Contractor ; and that although from this somewhat suspicious circumstance, a feeling of distrust would very naturally enter into my own mind, as I know it has in the minds of some of the Directors, with reference to the relations which might exist between the parties ; particularly when I became more and more acquainted with Mr. R. H. McGreevy's determination to ignore the position and authority of the Chief Engineer, and his subordinates upon the line ; yet notwithstanding all these adverse circumstances, I am most happy in having an opportunity to bear my unqualified testimony to the ability, integrity, industry, and entire devotion to the Company's interests, which have been manifested on the part of Mr. Hamlin, ever since his connection with the Road. I sha'l therefore consider it most unfortunate for the Company, if either by reason of the unfounded charges of the President, or

the disappointed expectations of Mr. R. H. McGreevy, his services should be lost to the Company before the final completion of that portion of the road upon which he is now employed

VII. DEFENCE OF THE CHIEF ENGINEER.

Having thus, although quite inadequately, performed a most pleasing duty, as well as an act of justice to the Resident Engineers, whose good name and professional reputation have been assailed by the President of the Railway Company, to whose best interests I sincerely believe them to be so entirely devoted ; and upon whose verdict, in the case now before its Board of Directors, depends so largely, if not entirely, their future professional success in life, as well as the welfare and happiness of their families ; it now becomes my more unpleasant, but equally imperative duty, in view of the same professional, as well as personal considerations, to speak of the charges, either expressed or implied, which are contained in the reports made by the President to the Board of Directors ; and in his letters, which are embodied in the correspondence now under consideration, so far as they relate personally to myself ; and to the manner in which I have performed the important and responsible duties pertaining to the Office of Engineer in Chief of the North Shore Railway, since my appointment, on July 24th, 1871

In view of the fact, that but a small minority of the eighteen Members composing the present Board of Directors, are at all familiar with the circumstances under which I first became connected with this Road, I propose, as a matter of history, as well as in self defence, to refer in the first instance, quite briefly, and without intentional egotism,

to some of the more important events which preceded, as well as followed, my appointment as Chief Engineer.

In the month of September, 1870, Mr. T. C. Durant, of New-York, with whom, as Vice-President and General Manager of the Union Pacific Railroad, I had been associated as Consulting Engineer, during its entire construction, invited me to accompany him to Montreal, Three-Rivers and Quebec, for the purpose of looking into and obtaining information respecting the merits of the North Shore Railway and Piles Branch, together with the land grants which had been appropriated by the Government in aid of the enterprise.

After spending several days in the above investigation, accompanied by Mr. Willis Russell, Mr. P. B. Vanasse and others, we returned to New-York with a very high appreciation of the value and importance of the undertaking.

During the following Spring, I was called upon, at my office in New-York, by Col. Wm. Rhodes, Director, and Mr. Dunn, Treasurer of the North Shore Railway Company, who informed me that they had been requested by the Board of Directors, to see me with reference to taking charge of the road as Chief Engineer; and, if my engagements would not permit of my doing so, to ask me to recommend a competent Engineer for the position. Col. Rhodes called upon me once or twice afterwards, upon the same business.

In the month of May 1871, I again visited Quebec in the interest of Dr. Durant, for the purpose of satisfying both him and myself, as to whether there was sufficient vitality in the enterprise to justify us in taking hold of it at that time; after spending several days here, I informed the President, Col. Rhodes, Mr. Russell, and such others of the

Directors as I happened to meet, that if they would come to New-York with proper data and authority, I thought they might close an arrangement with Dr. Durant, for constructing the road.

On the 8th July, 1871, a Committee of Directors composed of the President, Hon. Jos. Cauchon, and Messrs. Irvine, Rhodes, Russell and Taschereau, Directors, visited New-York with the maps and profiles of the line; and on the 13th, closed an arrangement with Dr. Durant, by which he was to furnish the means required for making a new survey of the road. It was also arranged that I should come here and direct the surveys in behalf of the Railway Company.

On the 20th July, Dr. Durant informed me, in New-York, that he could not keep his engagement with the North Shore Railway Committee; and advised me not to come to Canada. I started, however, on the same evening for Quebec, in accordance with my agreement, arriving here on Saturday, July 23, 1871.

The President and Directors were very much disappointed and disheartened upon my notifying them of Dr. Durant's decision; but requested me to drive over the line, and inform them whether I could aid them in procuring the necessary means for constructing the road.

Upon returning to Quebec, after examining the capabilities and resources of the country, I informed the President and Directors, that if they could raise the means among themselves for a re-survey of the line, so that I could have reliable data upon which to base an estimate and report, I had no doubt that I could induce some of my friends, whom I knew to possess the necessary experience and capital, to undertake the construction of the road;

provided the Company would appropriate for that purpose, its land grant, the one million dollars of City subscription, and the one million dollars of Municipal subscriptions which the Directors felt quite sure of obtaining from the Counties and Parishes along the line.

The members of the New-York Committee accordingly met in Quebec, on the 28th July, and agreed to raise five thousand dollars among themselves, towards defraying the expenses of the survey; and also authorized me to open negotiations with responsible parties, for the construction of the road; and also, to re-survey the line. Which action, as I have always regarded it, was the important and decisive step which finally resulted in placing the construction of the road beyond the reach of any ordinary contingency.

After spending some days with the President, Dr. Ross and Mr. Russell, in visiting the counties west of Three Rivers, with a view of creating some enthusiasm about the road, I went to Chicago for the purpose of meeting some parties from Wisconsin, with whom I had already opened a correspondence with reference to constructing the road. Failing to meet these parties according to appointment, I was induced, entirely through the instrumentality of my cousin, M. T. Seymour, who was then living in Chicago, to open a negotiation with Messrs. P. H. Smith, George L. Dunlap and Samuel L. Keith, of Chicago; which resulted in a proposition on their part, to construct and equip the road upon the basis above referred to; which proposition was afterwards accepted by the Railway Company.

A complete survey was also made of the line, during the Summer and Fall of 1871, with a view, mainly, of inducing the Counties and Parishes along the line, to subscribe to

the Stock of the Company; but owing to a defection in the County of Champlain, the entire subscription failed; and it was therefore thought for a time, that there was no further present hope for the road.

During the following February, however, I succeeded in bringing the parties together again in New York, for the purpose of renewing the negotiations upon the then diminished basis of the Company's assets; which negotiations terminated in a renewed agreement on the 13th of February; and the signing of a final contract by the parties, at Quebec, on April 5, 1872.

It may also be proper to mention, in this connection, that during the negotiation of this contract, my salary as Chief Engineer, which had not been previously decided upon, became the subject of discussion between the Contractors, the Committee and myself; and it was then fully agreed and understood, that it was to be fixed at ten thousand dollars per annum, exclusive of travelling and incidental expenses, during the construction of the Road.

It was very well known to the Contractors, that during the previous several years, I had been receiving compensation for my professional services, in the United States, quite equal to that amount per annum; and they therefore expressed themselves as being quite pleased as well as surprised, that I was willing to sever my business connections in the States, and to accept so moderate a salary, particularly when the important services which I had rendered to themselves, as well as to the Railway Company, were taken into consideration.

During the year 1872, the entire line was re-surveyed, and located with reference solely to obtaining the best Engineering route "of which the capabilities of the coun-

try would reasonably admit" as provided for in the contract.

The work of construction was also commenced from the City of Quebec, westward, and several miles of grading completed.

In the meantime I had prepared full detailed reports, respecting the probable cost and future earnings of the road; and also, of the value of the Company's land grant, with a view of enabling the Contractors to place the securities of the Company upon the market at the proper time.

Two of the Contractors, Messrs. Dunlap and Smith, sailed for Europe, on July 20, 1872, for the purpose of placing these securities upon the market; and remained there until the summer of 1873. At their request, I left Quebec on the 28th February, 1873, with full Maps, Profiles, Reports and Estimates of the line; and joined them in London on the 13th of the following March.

I remained in London until the 14th of May, and then returned to Quebec, for the purpose of obtaining an important modification of the contract, on the part of the Railway Company. I arrived here on the 25th May; and on the 7th of June, cabled to the Contractors in London, that the Company had acceded to the modification of the Contract.

The work of construction was not resumed by the Contractors in 1873, although some Engineering was done, at different points upon the line, with a view of improving the previous location.

On the 12th of January, 1874, the contract was transferred to Hon. Thomas McGreevy, of Quebec, for a very large bonus over and above past expenditures; and it

was distinctly understood and agreed at the time, that no change was to be made in the Engineering organization, in consequence of this transfer.

The transfer of the contract was afterwards duly recognized by the Railway Company ; and a supplemental contract was entered into with Mr. McGreevy, on the 21st of February 1873, in which was embodied the provisions of the " Railway Aid Act " ; which had, in the meantime, been enacted by the Provincial Government.

After placing the administration of his contract in the hands of his brother, the Hon. Thomas McGreevy left for Europe, on the evening of the same day, 21st February ; and he returned to Quebec on 2nd of May following ; having, as he then informed me, completed all the financial arrangements necessary for a vigorous prosecution of the work.

The principal events which have occurred since the return of the Contractor, from Europe, and which may be regarded as having a bearing upon this case, are so fresh in the minds of most of the present Directors, that I deem it entirely unnecessary to refer to them at any length, in this communication.

It will be sufficient to state, generally, that the work of construction has progressed very slowly and unsatisfactorily, between Quebec and Three Rivers ; and that a constant warfare has been waged by the Contractor, against the Engineering Department, with a view of obtaining the control of the appointments, as well as of the salaries of the Engineering Staff ; and thus to enable him to execute the work in such a manner as might best promote his own interests. While, on the part of the Chief Engineer, an equally vigorous resistance has been made against these efforts of the Contractor, with a view of securing a proper

execution of the work, in accordance with the provisions of the contract.

This, to me most unpleasant controversy, has at times reached such a point, that I have been compelled to call upon the Board of Directors for protection; and I am happy to state, that thus far they have endorsed and sustained my course in this matter.

I am also equally happy in the belief, that up to the date of the President's Report to the Board, respecting his tour of inspection over the line with the Directors, in September last, my unremitted efforts to promote the best interests of the Company, in whatever position I may have been placed, were fully appreciated and approved by the Company; and that, at least up to that time, I was in the enjoyment of the full confidence of every Member of the Board of Directors, as well as of the President himself.

It would almost appear, that having reached this point in my defence with so clear and satisfactory a record, I might safely leave my case in the hands of the Directors; but, most unfortunately, I am here met, face to face, with these most damaging charges and insinuations of the President; which if not refuted, or satisfactorily explained, must necessarily destroy my future usefulness to the Company; and at the same time cast a blot upon my character and professional reputation, which are dearer to me than life itself; and which it has been the work of a lifetime to establish.

It therefore becomes my duty to refer again to the written statements and field notes, upon which the President seems to have rested his case.

In doing this I must beg leave to submit, with all due respect to the President, that even if his charges can

all be shown to be based upon facts, they still appear to be so trivial and unimportant in their character, particularly when compared with the magnitude of the results which he proposes to accomplish, that it seems almost like trifling with a very serious subject, to refer to them in a manner that would be considered at all appropriate to the occasion.

In fact, I have come to regard them very much in the light with which the President would undoubtedly regard my own statements and field notes, in case I should, during his absence, make an inspection of his fruit farm, winter garden and piggery, in the management of all which he has been so deservedly successful; and in all the details of which I am but a simple novice.

The President however never seems to tire of exhibiting these statements and field notes of his, to all sorts of persons, at all sorts of times. I hear of his discussing their merits with Mr. R. H. McGreevy; I hear his Brother referring to them triumphantly in public places; and he even goes so far as to give the Government Engineer, upon whose report the Contractor depends for one third of his monthly estimates; the benefit of their perusal as a guide to him in his inspection of the work, in behalf of the Government.

As to whether this extraordinary course, on the part of the President, is entirely consistent with his position; and also with the fact that the correspondence had previously been placed, by himself, in the hands of the Board of Directors; and by them referred to the Executive Committee for examination and report, is a matter for the Board to consider, irrespective of any remarks that I might think proper to make upon the subject.

The President seems to have entirely lost sight of the fact that the contract gives the Chief Engineer power, and makes it his duty "to reject or condemn, *at any stage or condition of the work*, all workmanship or materials which, in his opinion, may be imperfect or unsuitable," and that it also provides that: "the Contractor shall correct or replace the same to the entire satisfaction of the Engineer."

It will be observed however, that the President has not charged the Chief Engineer either with accepting, or including in the Contractor's estimates, any work or materials that are not in conformity with the provisions of the contract. The nearest approach that he has made to this charge, will be found in his letter of the 9th November, when he requests me to send into his office, "a specification of the works that the Company have paid for under the heading: "Fences and Gates, cash value, \$2,947.50."

The only requirement contained in the contract with reference to the above item, is the following: "A good and substantial fence, to be composed of durable material, must be constructed along the boundary line of the Company's lands, upon both sides of the Railway, throughout its entire length; and convenient gates must be inserted whenever required for farm crossings, or other purposes."

Believing that the character of the fencing which had been constructed by the Contractor, at the time of preparing and certifying to the estimate referred to by the President, did not come up to the requirements of the contract; and being, as I supposed, fully sustained in this belief by the openly expressed opinion of the President himself, I included in that estimate only *one half* of the amount which he had constructed, and allowed him nothing for the materials which he had on hand.

For further information respecting the matter of fencing, I beg respectfully to refer to a letter which I had the honor of addressing to the Secretary of the Company, upon that subject, under date of April 10, 1874; and also to the report of the Resident Engineer upon the same subject, hereinbefore referred to.

With reference to the very severe and sarcastic allusion contained in the President's letter of the 9th November, respecting his "finding the Company in possession of two lines of Railway on Residency No. 2, whilst the one upon which the works are built, is not the line we have paid for; this blunder is one of the Engineers," &c., &c.; I have to remark, that this case was brought to my special notice in the month of August last, upon being referred to me by the Secretary, enclosing the complaint made by several of the inhabitants of St. Anne, with reference to the loss of their timber, &c.

At the monthly meeting of the Board, held in September, I made a verbal report upon the subject; and also read to the Board a report which I had received from the Resident Engineer upon the same subject; all of which I understood at the time to be perfectly satisfactory to the Board of Directors; and I therefore consider it quite out of place to enquire upon the subject again, except to state, what I am furnished to demonstrate, that the change in the line above referred to, has resulted largely to the benefit of the Contractor, as well as to the Railway Company.

With reference to the conclusion arrived at by the President, in his letter of 9th November: "That the line has never been thoroughly inspected by its Chief Engineer," I have to state, that I have never yet made an inspection of the line that will at all compare with the one so recently

made by the President, either in the manual labor involved in its execution, or in the results which it was evidently intended to accomplish.

Either myself, or my Chief Assistant, have however, visited and inspected every portion of the work in progress several times during the past season ; and I have made it a special duty to visit personally, either once or twice during each month, every work of importance along the entire line, between Quebec and Three Rivers.

If I have not made these inspections so often, and so thoroughly, as the President would seem to indicate it was my duty to do, I beg to assure the Directors that it was not for the want of a desire to do so on my part ; because I have always regarded it as by far the most pleasing, as well as interesting branch of my professional duty, to supervise and watch the progress of work under construction ; and if other and more pressing duties would permit, I would much prefer spending my entire time upon the line, than to spend it in any other manner connected with the various duties pertaining to my office.

Inasmuch as many of the Directors, among whom I will also include the President, are quite familiar with the manner in which my time has been spent, during the past season, I will venture to leave this charge in their hands, without further comment.

The President has labored very hard, in several of his letters, to establish the fact, or at least to convey the impression, that I have discriminated against the present Contractor in the arrangement of the grades upon the line ; and he has made frequent reference to the "low grade on section five," as arranged for the Chicago Contracting Company ; and compared it with other grades upon the line as

arranged for the present Contractor, in order to confirm this charge.

It seems to me that this most cruel and calumnious charge, has been sufficiently refuted in my written explanations to the President, as well as in the reply of Mr. Lindsay, Resident Engineer. But as the President, in his last letter of November 9th, seems to persist in requiring further explanations upon this particular subject, I can only appeal to my Chief Assistant, and Resident Engineers, as to whether I have not carefully and invariably studied the true interests of the present Contractor; both as regards earth works, and mechanical structures, in every case where it could be done with safety to the work; and the Contractor himself, or even his Brother, R. H. McGreevy, must, if they have any regard for the truth, bear me witness, that I have never failed to consider any case of the kind, which has been brought to my notice; and to decide as favorably to the interests of the Contractor, as the circumstances of the case would justify.

With reference to the question of "farm and road crossings, cattle guards," &c., referred to in the President's letters and field notes, I have only to say that no finished and permanent cattle-guards, nor crossings, have yet been constructed upon the line; and consequently, the ones which he saw are probably designed only to serve a temporary purpose.

With reference to "spoil banks," "brush," "stamps," &c., &c., which the President found scattered in such profusion, and in all sorts of improper places along the line, I can only offer in explanation what has been so well said

by the Resident Engineers; which is in substance, that the Contractor and his agents, have in many cases refused to comply with the instructions of the Engineers with reference to these items; but that sufficient quantities have been retained from his Estimates to guarantee the proper performance of the work, before it is accepted and paid for by the Company.

Having thus noticed, as I believe, all of the specifications referred to in the President's charges, I desire to call attention to the important fact, that none of these specifications refer to work or materials, the imperfections in which, if any, may not be remedied at any time before the acceptance of the Railway by the Company; and that no objections are made to more important works, the imperfections in which it would be impossible, either to point out, or to remedy hereafter

It should also be borne in mind, in this connection, that the contract being for a "lump sum," as it is called, the Contractor cannot consistently be required to perform any particular portion of his work, at any specified time, provided the *entire work* is completed in the manner and within the time specified in the contract; and therefore, the Engineer can only endeavor to see, that when the work is done, it is properly done.

It is also important to mention, in connection with this entire case, that the present Contractor, when he purchased the contract from the Chicago Contracting Company, evidently supposed that he was also purchasing the full control of the Engineering Department, if not of the Railway Company itself.

In pursuance of this idea, his ~~first sub-contract, which was for fencing through the entire county of Portneuf;~~

and nearly if not all of his later sub-contracts provide, that the work is to conform to the directions of his own Engineers, instead of those of the Railway Company; and the work and material are in some cases provided to be of a very different character from those specified in his contract with the Railway Company.

It is also very well known, that Mr. R. H. McGreevy has repeatedly told his Sub-Contractors and foremen, not to pay any attention to the directions of my Assistants; but to do the work as he directed; otherwise he would not be responsible for the payment of their estimates.

The result of this has been that the sub-contractor has endeavored, in the first instance, to slight his work as much as possible; and when he found that this kind of work would not be accepted; and that his prices would not cover the expenses of such work as was required by the Chief Engineer, and his Staff; he has, as a general rule, abandoned it in an unfinished state, such as the President happened to find it in, during his recent inspection of the line; and in several instances these deluded sub-contractors, have finished their unfortunate career in the Jail; while their unsuspecting creditors along the line, are suffering most seriously from their defalcations.

A further result of this idea of the principal Contractor has been, that he has absolutely refused to pay the members of the Engineering Staff, the rates that are allowed for similar services upon other Canadian Railways, now in progress, and has never yielded his right, not only to dictate the appointments; but to control the salaries and incidental expenses of all members of the staff. In consequence this mistaken economy, I have already lost the services of one of my most valuable Assistants; and several

of the others will undoubtedly leave, before the resumption of work next season.

I have, as before stated, felt it to be my duty to resist this construction of the contract, by every justifiable means at my command ; and in doing so I have, as a matter of course, incurred the ill-will of the Contractor, and of every one connected with his Department ; while, I am sorry to say, the Board of Directors, instead of coming promptly to the rescue, have seen fit to postpone decisive action from month to month, upon the Contractor's yielding a reluctant consent to pay the monthly pay-rolls of the staff, at these reduced rates ; until finally, on the 26th ultimo, I received an official notice from the Secretary, informing me, by order of the President : " that it is the opinion of the Board that the Engineer in Chief possesses all the necessary powers for the control of the Engineering Department, and that he is held personally responsible for the due administration of his office."

It will be observed however, that the above notice was not communicated to me by the President, until it suited his purpose to fasten upon the shoulders of the Engineer in Chief, the responsibility of all the bad work and materials which he claims to have discovered ; as well as all the delinquencies of the Engineering Staff, and of the subcontractors, upon the line.

While the result of this state of things has been most unpleasant to myself personally, it has also undoubtedly had the effect to impress upon the minds of the Resident and Assistant Engineers, that I had not acted in good faith towards them ; and also that their services and responsibilities were not duly appreciated, either by the Railway Company, or by the Contractor.

These Engineers were all employed with the distinct understanding, as expressed in the Regulations, that their rates of pay would be made to conform to the rates adopted upon other first class Railways in Canada; but the Contractor has, as before stated, absolutely refused to pay those rates; although he has very well known that the Engineering force employed upon the line under construction, has always been much smaller, comparatively speaking, than upon any other similarly situated work in Canada. As an evidence of this, I will state for the information of the Board, that upon the Northern Colonization Railway, the monthly expenses of the field staff are \$27.15 per mile; while upon this road, when fully organized, they will be only \$21.87½ per month per mile.

As to whether this state of things has had a tendency to strengthen the hands of the Chief Engineer, in his efforts to elevate his staff to that standard of efficiency, which the President seems to have been so greatly disappointed in not finding upon the line; and for which, as stated in the above letter from the Secretary: "he is held personally responsible," I will leave for the Directors to determine.

As an evidence that the Contractor still persists in his right to control the Engineering Department; and also that the President of the Railway Company, notwithstanding the above notice, still recognizes that right, I beg leave to append hereto, for the information of the Committee and the Board of Directors, a correspondence which has recently taken place between the Contractor, the Secretary by order of President, and myself, with reference to an entire disbandment of the Staff, on and after the 1st of December instant.

Having, however, at this late day, received the above

official notice, which I am bound to assume, reflects the views of the Board of Directors; and having, as will be seen from the correspondence above referred to, terminated all appointments in the Staff, after the close of the present year; I now, for the first time, feel that I shall have the full support of the Board of Directors, in making such a reorganization of the Staff, after that date, as the then condition of the work, and all the circumstances of the case may seem to justify; and for which I shall then, if permitted to do so, be fully prepared to meet and assume all the responsibilities.

My own "views respecting the powers, duties, and responsibilities of the Engineer in Chief" have already been presented to the Board of Directors, at some length; and it will therefore be supererogatory for me to refer to them again, except to request, that before taking final action in the case now under consideration, the Board will be pleased to give these views such attention as the importance of the subject; and its intimate connection with the principles involved in the present case, may seem to demand.

I have only to remark, in conclusion, that, from the facts already developed, I am thoroughly convinced that there is a perfect understanding between the President and the Contractor, as to the ultimate result which both have determined to accomplish, by means of the present controversy, to wit: the breaking down of the present Engineering organization upon the Road; although, as before stated, they are each endeavoring to accomplish this result from directly opposite points of attack. And further, that when this result shall have been accomplished, they

will unite in a recommendation to the Board, for a re-organization of the Department, upon a basis that shall be more in accordance with the views of the President ; and with the interests of the Contractor.

It is therefore upon this theory of the case, that I have proceeded with my defence ; but if the Directors shall find that these convictions have no real foundation in fact ; I trust that, not only the Board, but that the President and the Contractor will pardon much that I have said, that otherwise would very justly be regarded as entirely irrelevant to the case.

If however, it shall be found, either upon the present investigation of the case, or from the results which may speedily follow, that my convictions are well founded ; it will then be full time for the Board of Directors, representing as they do, the respective interests of the Government, the City of Quebec, and the holders of the Stock and Debentures of the Railway Company, to consider, whether the object jointly sought to be accomplished by the President, who certainly can have no pecuniary interest in the question ; and by the Contractor, who evidently has a very large pecuniary interest in the question, will, if accomplished, best subserve the interests of their Constituencies, in securing to them, and to the Country at large, a *first-class Railway* ; such as is fully provided, and most liberally paid for, under the provisions of the present contract.

Whatever may be the final action of the Board of Directors upon this, perhaps the most important question that ever was, or ever will come before it, I beg to assure the Board, that I shall still entertain a feeling of perfect consciousness, of having at least endeavored, to the best of my ability

and judgment, to perform my whole duty to the Railway Company, to the Contractor and to the Public, during the entire time in which I have had the honor of holding the position which I now occupy.

Since writing the foregoing, I have received information, from a source which I do not feel at liberty to disregard, to the effect, that the President really believes that I had a pecuniary interest in the results of the original contract under the Chicago Contracting Company; and that my apparent hostility to the present Contractor, grows out of the fact that he has thus far refused to recognize that interest; also, that this belief, on the part of the President, is the real key to his present opposition to me.

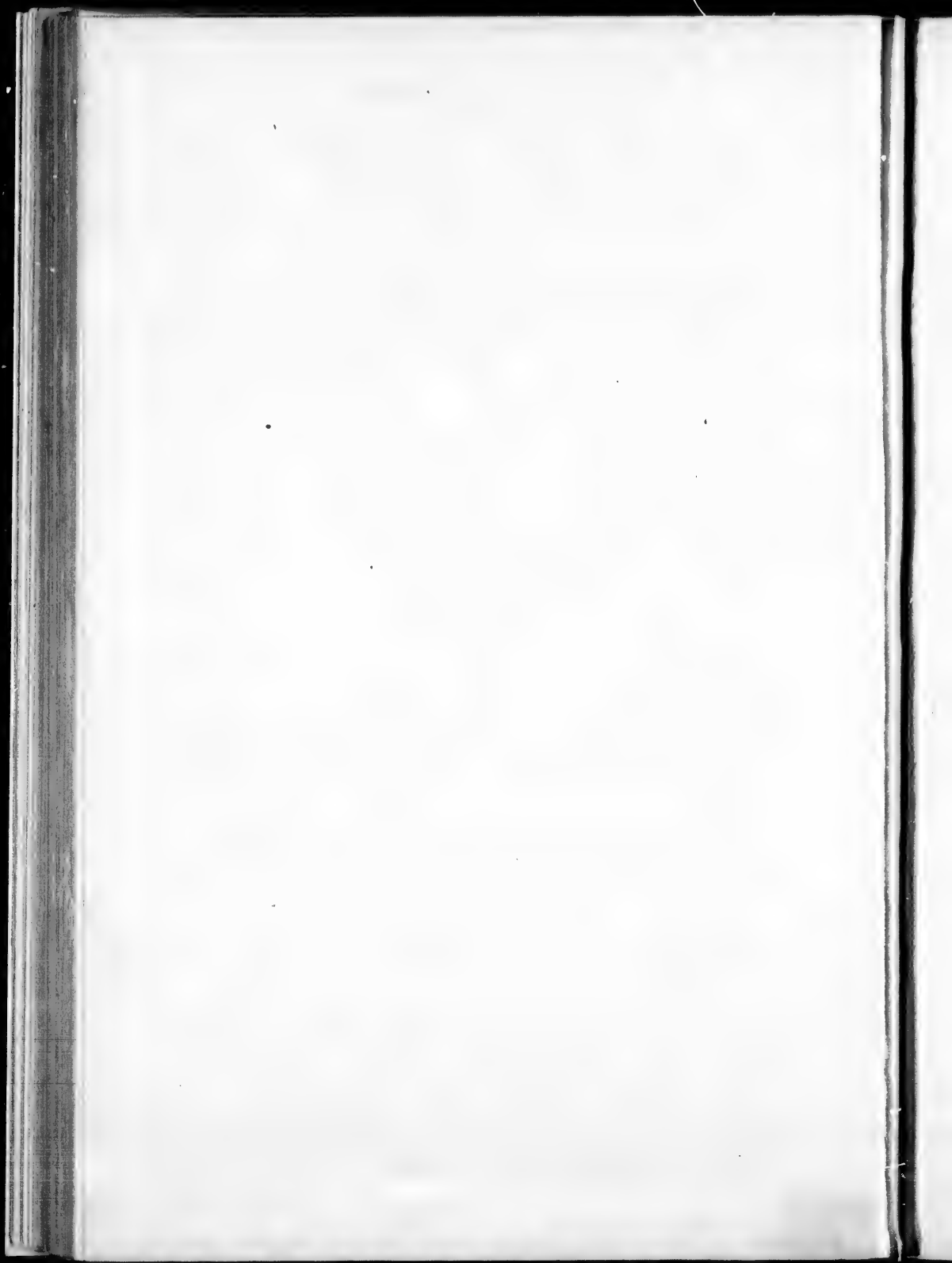
If this be so, while I appreciate to the fullest extent the justice of the President's want of confidence in me, if this belief is well founded; I can but regret exceedingly that it did not suit his purpose to place me in a position to refute this most false and malicious accusation, instead of giving it that whispered and mysterious currency which is always so dangerously fatal to the victim of such a charge.

As it is, however, I can only give the most unqualified denial of its truth; and beg that the authority upon which the belief is based, may be placed before the Board of Directors at once, with a view to a most rigid and thorough investigation.

All of which is most respectfully submitted, for the consideration of the Executive Committee, and the Board of Directors.

SILAS SEYMOUR,
Engineer in Chief.

Dated Quebec, December, 1, 1874.



APPENDIX.

*Containing the correspondence referred to on page 44
respecting the reduction of the Engineering Staff on
1st December, 1874.*

SECRETARY TO THE CHIEF ENGINEER.

OFFICE OF THE NORTH SHORE RAILWAY COMPANY,

Quebec, 24th November, 1874.

GENERAL S. SEYMOUR,

Chief Engineer,

North Shore Railway.

SIR,

I have been instructed to transmit you herewith, the copy of a letter addressed to day by the North Shore Railway Contractor, to the President of the Company, and to request you will please report without delay on its contents.

I have the honor to be,

Sir,

Your most obedient servant,

(Signed), A. H. VERRET,

Secretary.

CONTRACTOR TO THE PRESIDENT.

Quebec, 24 November, 1874.

COL. WM. RHODES,

President N. S. R. Co.

DEAR SIR,

As the working season on the line of Railway has terminated, and I am desirous to be relieved of all unnecessary expense, I wish you to see that all the Engineering Staff are notified that after 1st

prox. their services will be dispensed with, and thereby save a considerable outlay. The only exception I would make to this notification would be, one Resident Engineer from Three Rivers to Quebec, one draughtsman at Quebec. If by any means they are kept on after the 1st prox, I hope I will not be called on for the payment of their salaries.

I remain yours,

Very truly,

(Signed), ROBT. H. MCGREEVY,

For the Contractor.

CHIEF ENGINEER TO THE SECRETARY.

NORTH SHORE RAILWAY.

OFFICE OF THE ENGINEER IN CHIEF.

Quebec, November 25, 1874.

DEAR SIR,

I have to acknowledge the receipt of your favor of the 24th instant, enclosing a communication of the same date, addressed by the Contractor to the President of the Company, in which the President is requested as follows: "to see that all the Engineering Staff are notified that after 1st Proximo, their services will be dispensed with, and thereby save a considerable outlay. The only exception I would make to this notification would be one Resident Engineer from Three Rivers to Quebec, one draughtsman at Quebec," &c.

I am also requested to report without delay upon the contents of the Contractors letter.

The only report which I can consistently make upon the contents of this letter, at the present time, is that I consider it entirely out of place for the Contractor to address such a letter to the President; and further, that if this were not the case, it is entirely impracticable to comply with its requirements at the present time.

I will state, however, for the information of the President, that under the Regulations of the Engineer Department, a copy of which is on file, both in your office, and in that of the Contractor, "the services of any member of the Staff may be dispensed with upon his being given one months notice."

Notice was accordingly given, at the close of last month, by

which the field Staff, between Quebec and Three Rivers, will be materially reduced at the close of the present month.

Upon being informed by the President, who for some time past seems to have become the chosen medium of the Contractor for communicating with the Engineer Department, that the letter of the Contractor is to be regarded as sufficient notice of an entire suspension of all work upon, or in connection with the line between Quebec and Three Rivers, during any considerable length of time; and that he does not intend to procure the right of way, nor to commence the work of construction west of Three Rivers, during the early part of the season of 1875; and also that he will not require any monthly or progress estimates during the coming Winter, I will at once give the requisite notice to the remaining members of the Engineering Staff, so as to be prepared, at the close of the coming month, and the present year, to reduce the Staff to the lowest limits to which the interests of the Railway Company, and the then circumstances of the case will reasonably admit.

In this connection, I beg leave to state further, that having received official notice from you, under instructions from the President, "that it is the opinion of the Board that the Engineer in Chief possesses all the necessary powers for the control of the Engineering Department; and that he is held personally responsible for the due administration of his Office," I shall in the future, as I have in the past, consider it to be quite as much in the line of my duty, to meet the just expectations of the Board of Directors, as well as of the Contractor, with reference to the most economical organization of the Staff of which the circumstances will admit, during the different stages of the work in progress, as it is to use my best endeavors to see that the Road is constructed by the Contractor in accordance with the true spirit and meaning of the contract; and also, that I feel quite prepared to meet all the responsibilities connected with both branches of my duty, to the full satisfaction of the Board of Directors; provided always, that I am left free to use my own disinterested judgment and discretion with reference to all matters connected with the "due administration of my office," for which I am to be held "personally responsible.

I have the honor to remain,

Mr. Secretary,

Your Obedient Servant,

(Signed), S. SEYMOUR,
Engineer in Chief

A. H. VERRET, Esq.,
Secretary North Shore Railway Co.,
Quebec.

CHIEF ENGINEER TO THE SECRETARY.

NORTH SHORE RAILWAY.

OFFICE OF THE ENGINEER IN CHIEF.

Quebec, November 27th., 1874.

DEAR SIR,

Referring to my letter to you of the 25th instant, respecting the reduction of the Engineering Staff, to which no response has as yet been received from the President; and finding that the monthly notice of discharge required by the Regulations, must be forwarded to the Resident Engineers to-day, in order to render it fully effective on the 31st December next; I beg to inform you that I have this day forwarded to Messrs. Lindsay and Hamlin, Resident Engineers, each a communication, of which the enclosed is a copy.

A similar notice was sent to Mr. Chandler, Resident Engineer at Montreal, several days since.

Hoping that the course which I have taken in this matter, will meet with the approval of the President and the Contractor.

I have the honor to remain,

Mr. Secretary,

Your very truly,

(Signed), S. SEYMOUR,
Engineer in Chief.

A. H. VERRET, Esq.,

Secretary North Shore Railway Co.,
Quebec.

CHIEF ENGINEER TO THE RESIDENT ENGINEERS.

NORTH SHORE RAILWAY.

OFFICE OF THE ENGINEER IN CHIEF.

Quebec, November 27, 1874.

DEAR SIR,

It becomes my duty to inform you, that it has pleased the President of the Railway Company to instruct the Secretary, to transmit to the Chief Engineer, a copy of a letter, addressed on the 24th instant, by the North Shore Railway Contractor, to the President of the Company, from which the following is an extract:

"I wish you to see that all the Engineering Staff are notified that after 1st prox, their services will be dispensed with."

Feeling an earnest desire to meet the just expectations of the Railway Company, and of the Contractor, by reducing the expenses of the Staff to its lowest practicable limits during the coming winter months, it becomes my further duty to give you notice, as required by the Regulations, that after the close of the month of December next, your services, under your present appointment, will terminate; and I will thank you to extend this notice in proper form, to every person connected with the Staff upon the Residency under your charge.

In giving the above notice at the present time, however, I reserve the right to retain in the service of the Company, after the close of December, such members of the present Staff, as the then condition of the work, and the circumstances of the case may seem to require.

In view of the present partial suspension of work upon the line, on account of the inclemency of the weather; and of the probability that much of the work will remain in a state of suspense during the next four or five months; and also in view of the fact, that the estimate for the present month, may be the last one that you may be called upon to make of the work done and of materials delivered, and ready for delivery upon your Residency; it becomes my further duty to call your particular attention to the importance of having every item composing this estimate, measured and computed with the greatest precision and accuracy; also, that the quantities returned by you of work done, materials delivered, &c., should embrace only such as come fully up to the requirements of the contract and specifications; and also, that the estimate of materials delivered and ready for delivery, should embrace only such as have actually been paid for by, and are now in possession of the principal Contractor, or his authorized agents, to such an extent, that upon being included in the monthly or progress estimates prepared in this office, and paid by the Railway Company, they will be quite sure of being eventually placed in the work for which they were designed.

In cases of doubt in relation to any of the foregoing points, you will please enter the questionable items in your supplemental estimate, with full explanatory remarks; so that the question may be decided here, before the next progress estimate is certified by the Chief Engineer, and laid before the Board of Directors.

Your very truly,

(Signed), S. SEYMOUR,
Engineer in Chief.

To JOHN LINDSAY & L. B. HAMLIN,
Resident Engineers,
North Shore Railway.